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UNITED STATES DISTRICT COURT
NORTHERN DISTRICT OF MISSISSIPPI

UNITED STATES DISTRICT COURT
NORTHERN DISTRICT OF MISSISSIPPI
WESTERN DIVISION

CHURCH MUTUAL INSURANCE COMPANY

PLAINTIFF

V.

CIVIL ACTION NO.

3:11-CV-057-M-A

MOUNT ZION AME ZION CHURCH

DEFENDANT

COMPLAINT FOR DECLARATORY JUDGMENT

Plaintiff, Church Mutual Insurance Company files this Complaint for Declaratory Judgment against Defendant, Mount Zion AME Zion Church, seeking a determination of whether and to what extent it owes insurance coverage, and in support thereof would show as follows:

PARTIES

1. Church Mutual Insurance Company ("CMIC") is a foreign insurance corporation organized under the laws of the State of Delaware, with its principal place of business in Merrill, Wisconsin. CMIC is authorized to do business in the State of Mississippi.

2. Mount Zion AME Zion Church (hereinafter "Mount Zion") is an unincorporated religious entity, which may be served with process by and through its agent and trustee, Reverend James Wright, 10383 Kennedy Street, Coffeeville, Mississippi 38922.

JURISDICTION AND VENUE

3. This Court has original jurisdiction pursuant to 28 U.S.C. §2201, because this civil action involves a demand for declaratory judgment. Further, this Court has original jurisdiction over this action pursuant to 28 U.S.C. §1332, since the parties are citizens of different states, and the amount in controversy exceeds \$75,000.

4. Venue is proper in the Western Division of the Northern District of Mississippi under 28 U.S.C. § 1391, because a substantial part of the events giving rise to this action occurred in this judicial district and Mount Zion resides there.

5. Fed. R. Civ. P. 57 provides that CMIC may seek a declaration from this Court as to the rights and obligations among and between the parties in relation to the CMIC policy, including, but not limited to, whether or not there is coverage for the loss incurred by Mount Zion pursuant to said policy.

FACTS

6. On or about January 21, 2010, CMIC issued a policy of insurance to Mount Zion under Policy No. 0251871-02-174757 (the “Policy”). The Policy provides “basic with theft” coverage for the insured premises from 12:01 a.m. January 21, 2010 to January 21, 2013.

7. As set forth on the Property Coverage Part Declarations page of the Policy, Mount Zion and CMIC intended for the Policy to provide “basic with theft” coverage under the “Causes of Loss-Basic” coverage form (the “Basic Form”). The Policy premium was based on “basic with theft” coverage, under the Basic Form. The Basic Form provides coverage for loss from certain listed perils, including fire, lightning, explosion, windstorm or hail, smoke, aircraft or vehicles, riot, vandalism, sprinkler leakage, sinkhole collapse, volcanic action, damage by burglars, or damage from sonic boom. The Basic Form also contains a number of exclusions from coverage. A copy of the Basic Form, which should have been issued to Mount Zion, is attached hereto as **Exhibit “A”** and incorporated herein by reference.

8. Due to a clerical error, Mount Zion was mistakenly provided with “Causes of Loss-Special Form” coverage (“Special Form”), rather than the Basic Form. A copy of the

Policy, including the Special Form, which was mistakenly sent to Mount Zion, is attached hereto as **Exhibit “B”** and incorporated herein by reference.

9. On January 26, 2011, Mount Zion contacted CMIC to report a loss under the Policy. Mount Zion claimed the exterior finish of the insured premises was cracking, and the interior ceiling sheetrock was falling in and cracking (collectively, the “Loss”).

10. On February 2, 2011, CMIC retained Smith & Thornton, Inc., a third-party adjuster, to assist in the adjustment of the claim and to investigate the Loss. The property was inspected by Smith & Thornton, Inc. on February 8, 2011.

11. On February 24, 2011, Smith & Thornton, Inc. issued its first report (“Initial Smith & Thornton Report”), a copy of which is attached as **Exhibit “C”** and incorporated herein by reference. The report noted that “pieces of the ceiling sheetrock had fallen from the ceiling in a large storage room in the back of the building,” that the adjuster did not see any “water damage to the sheetrock,” and that the cause of the Loss was the apparent “shifting of the building.” *See Exhibit “C,” ¶¶2-3.* The Initial Smith & Thornton Report also noted several cracks in the ceiling sheetrock of the sanctuary and concluded that this was the result of the building “shifting on its foundation.” *See Exhibit “C,” ¶3.* The third-party adjuster ultimately concluded that the damage was “due to settlement of the blocks and deterioration of the mortar used in the foundation blocks.” *See Exhibit “C,” p. 2, ¶5.*

12. CMIC’s third-party adjuster subsequently hired an engineer, Jenkins Engineering, Inc. (“Jenkins”) to inspect the property.

13. On March 2, 2011, Jenkins prepared a report (“Jenkins Engineering Report”), which noted that the building was in imminent danger of collapse. A copy of its report is attached hereto as **Exhibit “D”** and incorporated herein by reference. *See Exhibit “D,” pg. 5.*

The Jenkins Engineering Report warned of the unsafe condition of the property and deemed it structurally “dangerous and unsafe.” *See Exhibit “D,” pg. 5, ¶2.*

14. The Jenkins Engineering Report indicated that part of the Loss (i.e., the cause of the cracking sheetrock in the main sanctuary) was a direct result of modification of the original flat sanctuary ceiling to create a vaulted ceiling profile. *See Exhibit “D,” pg. 5, ¶2.*

15. The Jenkins Engineering Report also found that the remaining components of the Loss, including the partial collapse of the sheetrock ceiling, were related to “severe floor movement” and supporting roof structure movement, as a result of “severe deterioration and termite/wood destroying insect damage.” *See Exhibit “D,” pg. 5, ¶3.* Another portion of the Jenkins Engineering Report found that “surface water infiltration into the crawlspace area was ongoing and other issues of deterioration in addition to the wood destroying insect damage” were contributing causes of the Loss. *See Exhibit “D,” pg. 3, ¶1.*

16. Smith & Thornton, the third-party adjuster, subsequently tendered its second report (“Second Smith & Thornton Report”) on March 14, 2011. The Second Smith & Thornton Report concluded that the cause of the Loss was due to “insect damage, water related deterioration and inadequate building procedure when elevated roof was installed.” A copy of the Second Smith & Thornton Report is attached hereto as **Exhibit “E”** and incorporated herein by reference.

17. Based on the Initial Smith & Thornton Report, Jenkins Engineering Report and Second Smith & Thornton Report, CMIC determined that Mount Zion’s Loss was not covered under the Policy. In particular, CMIC concluded that there was no coverage either the Basic Form, which was mistakenly omitted from the Policy but intended by the parties, or the Special Form, which was sent to the insured in error.

18. CMIC notified Mount Zion of its denial of coverage on April 5, 2011. A copy of CMIC's April 5, 2011 correspondence is attached hereto as **Exhibit "F"** and incorporated herein by reference.

19. In response, Mount Zion, through its counsel, threatened suit against CMIC. A copy of Mount Zion's April 11, 2011 letter is attached hereto as **Exhibit "G"** and incorporated herein by reference. Specifically, Mount Zion declared that "if Church Mutual is not interested in settling the case under any circumstances, simply advise me of the fact and I will file a lawsuit in the Circuit Court of Yalobusha County, Mississippi." See **Exhibit "G,"** pg. 2, ¶1.

COUNT I – DECLARATORY JUDGMENT (28 U.S.C. § 2201)

20. CMIC repeats and re-alleges the allegations set forth in the foregoing paragraphs as if fully set forth herein.

21. A present case and controversy exists between CMIC and Mount Zion regarding whether there is coverage under the Policy for the Loss.

22. The Policy included the Basic Form. There is no coverage for the Loss under the Basic Form.

23. Even if the Policy included the Special Form, the Loss is not covered under either the Basic Form or the Special Form. Consequently, there is no coverage for the Loss under the Policy, whether the Policy included the Basic Form or the Special Form.

24. CMIC is entitled to a declaration that there is no coverage for the Loss under the Policy. In the alternative, if there is coverage for all or some portion of the Loss under the Policy, CMIC is entitled to a declaration as to which part of the Loss, if any, is covered under the Policy, and how much is owed under the Policy.

25. The adjudication of all rights of all parties to this action is necessary to avoid potentially inconsistent, costly, and duplicative rulings.

26. A declaration by this Court regarding CMIC's obligations, if any, under the Policy will resolve the dispute between CMIC and Mount Zion regarding whether the Policy provides coverage for the Loss and may prevent future litigation between the parties.

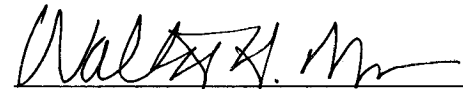
WHEREFORE, CMIC seeks a judgment under 28 U.S.C. § 2201 that:

- A. Declares that there is no coverage for the Loss under the terms of the Policy;
- B. Enjoins Mount Zion, or anyone else of its behalf, from either initiating or prosecuting a suit or any other action, including any post-judgment remedial action or garnishment action against CMIC, until such time as this Court declares the rights and duties of the parties requested above;
- C. Advances this cause on the Court's calendar as authorized by Fed. R. Civ. P. 57; and
- D. Awards such other and further relief as this Court may deem just and equitable.

RESPECTFULLY SUBMITTED, this the 26th day of April, 2011.

CHURCH MUTUAL INSURANCE COMPANY

By:



WALTER H. BOONE, MSB#8651

EDDEREK "BEAU" COLE, MSB #100444

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CAUSES OF LOSS - BASIC FORM**EXHIBIT**

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A**A. COVERED CAUSES OF LOSS**

When Basic is shown in the Declarations Page, Covered Causes of Loss means the following:

1. Fire.
2. Lightning.
3. Explosion, including the explosion of gases or fuel within the furnace of any fired vessel or within the flues or passages through which the gases of combustion pass. This Cause of Loss does not include loss or damage by:
 - a. Rupture, bursting or operation of pressure relief devices; or
 - b. Rupture or bursting due to expansion or swelling of the contents of any building or structure, caused by or resulting from water.
4. Windstorm or Hail, but not including:
 - a. Frost or cold weather;
 - b. Ice (other than hail), snow or sleet, whether driven by wind or not; or
 - c. Loss or damage to the interior of any building or structure, or the property inside the building or structure, caused by rain, snow, sand, or dust, whether driven by wind or not, unless the building or structure first sustains wind or hail damage to its roof or walls through which the rain, snow, sand, or dust enters.
5. Smoke causing sudden and accidental loss or damage. This Cause of Loss does not include smoke from agricultural smudging or industrial operations.
6. Aircraft or Vehicles, meaning only physical contact of an aircraft, a spacecraft, a self-propelled missile, a vehicle or an object thrown up by a vehicle with the described property, or with the building or structure containing the described property. This Cause of Loss includes loss or damage by:
 - a. Objects falling from aircraft; and
 - b. Vehicles you own or operate.
7. Riot or Civil Commotion, including:
 - a. Acts of striking employees while occupying the described premises; and
 - b. Looting occurring at the time and place of a riot or civil commotion.
8. Vandalism, meaning willful and malicious damage to, or destruction of, the described property.
9. Sprinkler Leakage, meaning leakage or discharge of any substance from an Automatic Sprinkler System, including collapse of a tank that is part of the system.

If the building or structure containing the Automatic Sprinkler System is Covered Property, we will also pay the cost to:

 - a. Repair or replace damaged parts of the Automatic Sprinkler System if the damage:
 - (1) Results in sprinkler leakage; or
 - (2) Is directly caused by freezing.
 - b. Tear out and replace any part of the building or structure to repair damage to the Automatic Sprinkler System that has resulted in sprinkler leakage.

Automatic Sprinkler System means:

 - (1) Any automatic fire protective or extinguishing system, including connected:
 - (a) Sprinklers and discharge nozzles;
 - (b) Ducts, pipes, valves, and fittings;
 - (c) Tanks, their component parts and supports; and
 - (d) Pumps and private fire protection mains.
 - (2) When supplied from an automatic fire protective system:

(a) Non-automatic fire protective systems; and

(b) Hydrants, standpipes, and outlets.

10. Sinkhole Collapse, meaning loss or damage caused by the sudden sinking or collapse of land into underground empty spaces created by the action of water on limestone or dolomite. This Cause of Loss does not include:

- a. The cost of filling sinkholes; or
- b. Sinking or collapse of land into man-made underground cavities.

11. Volcanic Action, meaning direct loss or damage resulting from the eruption of a volcano when the loss or damage is caused by:

- a. Airborne volcanic blast or airborne shock waves;
- b. Ash, dust, or particulate matter; or
- c. Lava flow.

All volcanic eruptions that occur within any 168 hour period will constitute a single occurrence.

This cause of loss does not include the cost to remove ash, dust, or particulate matter that does not cause direct physical loss or damage to the described property.

12. Damage by Burglars, meaning direct loss or damage to the described property by burglars. Damage by burglars does not include loss resulting from theft of the property.

13. Sonic Boom, meaning direct loss or damage to described property caused by or resulting from shockwaves of aircraft.

B. EXCLUSIONS

1. We will not pay for loss or damage caused directly or indirectly by any of the following. Such loss or damage is excluded regardless of any other cause or event that contributes concurrently or in any sequence to the loss.

- a. Building Ordinance or Law.

The enforcement of any ordinance or law:

- (1) Regulating the construction, use, or repair of any property; or
- (2) Requiring the tearing down of any property, including the cost of removing its debris;

except as provided in the Additional Coverages.

This exclusion, ordinance or law, applies whether the loss results from:

- (1) An ordinance or law that is enforced even if the property has not been damaged; or
- (2) The increased costs incurred to comply with an ordinance or law in the course of construction, repair, renovation, remodeling, or demolition of property, or removal of its debris, following a physical loss to that property.

b. Earth Movement.

- (1) Earthquake, including any earth sinking, rising, or shifting related to such event;
- (2) Landslide, including any earth sinking, rising, or shifting related to such event;
- (3) Mine subsidence, meaning subsidence of a man-made mine, whether or not mining activity has ceased;
- (4) Earth sinking (other than sinkhole collapse), rising or shifting including soil conditions which cause settling, cracking, or other disarrangement of foundations or other parts of realty. Soil conditions include contraction, expansion, freezing, thawing, erosion, improperly compacted soil and the action of water under the ground surface.

But if Earth Movement, as described in b.(1) through (4) above, results in fire or explosion, we will pay for the loss or damage caused by that fire or explosion.

- (5) Volcanic eruption, explosion, or effusion. But if volcanic eruption, explosion or effusion results in fire or volcanic action, we will pay for the loss or damage caused by that fire or volcanic action.

c. Governmental Action.

Seizure or destruction of property by order of governmental authority.

But we will pay for loss or damage caused by or resulting from acts of destruction ordered by governmental authority and taken at the time of a fire to prevent its spread if the fire would be covered under this Coverage Part.

d. Nuclear Hazard.

Nuclear reaction or radiation or radioactive contamination, however caused.

But if nuclear reaction or radiation, or radioactive contamination, results in fire, we will pay for the loss or damage caused by that fire.

e. Utility Services.

The failure of power or other utility service supplied to the described premises, however caused, if the failure occurs away from the described premises.

But if the failure of power or other utility service results in a Covered Cause of Loss, we will pay for the loss or damage caused by that Covered Cause of Loss.

f. War and Military Action.

- (1) War, including undeclared or civil war;
- (2) Warlike action by a military force, including action in hindering or defending against an actual or expected attack, by any government, sovereign, or other authority using military personnel or other agents; or
- (3) Insurrection, rebellion, revolution, usurped power, or action taken by governmental authority in hindering or defending against any of these.

g. Water.

- (1) Flood, surface water, waves, tides, tidal waves, overflow of any body of water or their spray, all whether driven by wind or not;

- (2) Mudslide or mudflow;

- (3) Water that backs up or overflows from a sewer, drain, or sump; or

- (4) Water under the ground surface pressing on or flowing or seeping through:

- (a) Foundations, walls, floors or paved surfaces;

- (b) Basements, whether paved or not; or

- (c) Doors, windows, or other openings.

But if water, as described in g. (1) through (4) above, results in fire, explosion, or sprinkler leakage, we will pay for the loss or damage caused by that fire, explosion, or sprinkler leakage.

Exclusions B.1.a. through B.1.g. apply whether or not the loss event results in widespread damage or affects a substantial area.

2. We will not pay for loss or damage caused by or resulting from:

- a. Artificially generated electric current, including electric arcing, that disturbs electrical devices, appliances, or wires.

But if artificially generated electrical current results in fire, we will pay for the loss or damage caused by that fire.

- b. Rupture or bursting of water pipes (other than Automatic Sprinkler Systems) unless caused by a Covered Cause of Loss.

- c. Leakage or discharge of water or steam from any part of a system or appliance containing water or steam (other than an Automatic Sprinkler System) unless the leakage or discharge occurs because the system or appliance was damaged by a Covered Cause of Loss.

- d. Explosion of steam boilers, steam pipes, steam engines, or steam turbines owned or leased to you, or operated under your control.

But if explosion of steam boilers, steam pipes, steam engines, or steam turbines results in fire or combustion explosion, we will pay for the loss or damage caused by that fire or combustion explosion.

- e. Mechanical breakdown, including rupture, or bursting caused by centrifugal force.

But if mechanical breakdown results in a Covered Cause of Loss, we will pay for the loss or damage caused by that Covered Cause of Loss.

- f. Neglect of an insured to use all reasonable means to save and preserve property from further damage at and after the time of loss.

C. LIMITATIONS

- 1. We will not pay for loss or damage to fences, swimming pools, and retaining walls caused by or resulting from:

- a. Heaving, bulging, or buckling;
- b. Freezing or thawing; or
- c. Pressure of weight of ice or water.

- 2. We will pay for covered loss or damage to personal property that is a work of art, antique or rare article, including etchings, pictures, statuary, marbles, bronzes, porcelains, and bric-a-brac. But, the most we will pay for loss or damage is up to \$5,000 for any one occurrence.

THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

ADDITIONAL COVERED CAUSE OF LOSS - THEFT

This endorsement modifies insurance provided under the Property Coverage Part.

The following is added to the Causes of Loss - Basic or Broad Form.

A. ADDITIONAL COVERED CAUSE OF LOSS - THEFT

1. We will pay for loss resulting from theft. Theft, as used in this endorsement, means any act of stealing.

- a. We will not pay for loss or damage caused by or resulting from:

- (1) Dishonest or criminal act by you, any of your partners, employees, directors, trustees, authorized representatives or anyone to whom you entrust the property for any purpose:

- (a) Acting alone or in collusion with others; or

- (b) Whether or not occurring during the hours of employment.

- (2) Voluntary parting with any property by

you or anyone else to whom you have entrusted the property if induced to do so by any fraudulent scheme, trick, device or false pretense.

- b. We will not pay for loss or damage to:

- (1) Property that is missing, but there is no physical evidence to show what happened to it, such as shortage disclosed on taking inventory.

- (2) Property that has been transferred to a person or to a place outside the described premises on the basis of unauthorized instructions; or

- (3) Building materials and supplies intended for construction, alterations or repairs not attached as part of the building or structure.

NOTICE - DISCLOSURE OF TERRORISM PREMIUM

The Terrorism Risk Insurance Act established a program within the Department of the Treasury, under which the federal government shares, with the insurance industry, the risk of loss from some future terrorist attacks. The Act applies when the Secretary of the Treasury, in concurrence with the Secretary of State and the Attorney General of the United States, certifies that an event meets the definition of an act of terrorism as defined in Section 102(1) of the Act. The Act provides that, to be certified, an act of terrorism must cause losses of at least five million dollars and must have been committed by an individual or individuals as part of an effort to coerce the government or population of the United States.

Your policy contains coverage for certain terrorism losses in compliance with the Federal Terrorism Risk Insurance Act; we are required to notify you of the portion of your current premium, if any, attributable to the coverage for terrorist acts certified under the Terrorism Risk Insurance Act. The Act also requires us to provide disclosure of federal participation in payment of terrorism losses.

Where coverage is provided by this policy for losses resulting from certified acts of terrorism, such losses may be partially reimbursed by the United States government under a formula established by federal law. Under the formula, the United States government generally reimburses 85% of covered terrorism losses exceeding the statutorily established deductible paid by Church Mutual. The premium charged for this coverage does not include any charges for the portion of loss that may be covered by the federal government under the Act.

You should know that the Terrorism Risk Insurance Act, as amended, contains a \$100 billion cap that limits U.S. government reimbursement, as well as insurer's liability for losses resulting from certified acts of terrorism when the amount of such losses in any one calendar year exceeds \$100 billion. If the aggregate insured losses for all insurers exceed \$100 billion, your coverage may be reduced.

The portion of your premium that is attributable to coverage for terrorist acts certified under the Terrorism Risk Insurance Act is shown on your **Common Policy Declarations Page** in Item 6. Premium, under the Summary of Additional Charges (included in the Annual Premium) section.

The premium for certified acts of terrorism coverage is calculated based in part on the federal participation in payment of terrorism losses as set forth in the Terrorism Risk Insurance Act. The federal program established by the Act is scheduled to terminate December 31, 2014, unless extended by the federal government. If the federal program terminates or if the level or terms of federal participation change, the premium shown on the Common Policy Declarations Page in Item 6. Premium may not be appropriate.

POLICY NO.: 0251871-02-174757

01/21/10

THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

CALCULATION OF PREMIUM

This endorsement modifies insurance provided under all Coverage Parts of the policy.

The following is added to the policy:

- A. The premium shown in the Declarations Page was computed based on rates in effect at the time the policy was issued. On each renewal, continuation or anniversary of the effective date of this policy, we will compute the premium in accordance with our rates and rules then in effect.

THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

**EXCLUSION OF PUNITIVE DAMAGES RELATED TO A
CERTIFIED ACT OF TERRORISM**

This endorsement modifies insurance provided under the following:

GENERAL LIABILITY COVERAGE PART
HIRED AND NONOWNED AUTOMOBILE LIABILITY COVERAGE PART
PROFESSIONAL LIABILITY COVERAGE PART

A. The following exclusion is added:

This insurance does not apply to:

TERRORISM PUNITIVE DAMAGES

Damages arising, directly or indirectly, out of a "certified act of terrorism" that are awarded as punitive damages.

B. The following definition is added:

"Certified act of terrorism" means an act that is certified by the Secretary of the Treasury, in concurrence with the Secretary of State and the Attorney General of the United States, to be an act

of terrorism pursuant to the federal Terrorism Risk Insurance Act. The criteria contained in the Terrorism Risk Insurance Act for a "certified act of terrorism" include the following:

1. The act resulted in insured losses in excess of \$5 million in the aggregate, attributable to all types of insurance subject to the Terrorism Risk Insurance Act; and
2. The act is a violent act or an act that is dangerous to human life, property or infrastructure and is committed by an individual or individuals as part of an effort to coerce the civilian population of the United States or to influence the policy or affect the conduct of the United States Government by coercion.

POLICY NO.: 0251871-02-174757

01/21/10

THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

**AMENDATORY ENDORSEMENT
PUNITIVE OR EXEMPLARY DAMAGES**

This endorsement modifies insurance provided under all Coverage Parts of this policy.

The following change is made.

A. PUNITIVE OR EXEMPLARY DAMAGES

1. The punitive or exemplary damages exclusion contained in any Coverage Form attached to this policy is deleted.

POLICY NO.: 0251871-02-174757

01/21/10

THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.**MISSISSIPPI CHANGES - CANCELLATION AND NONRENEWAL**

This endorsement modifies insurance provided under the following:

PROPERTY COVERAGE PART
GENERAL LIABILITY COVERAGE PART
PROFESSIONAL LIABILITY COVERAGE PART
HIRED AND NONOWNED AUTOMOBILE COVERAGE PART

A. Paragraph 7. is added to the Cancellation Common Policy Conditions:

7. If:

- a. The first Named Insured cancels this policy, we will notify any named creditor loss payee.
- b. We cancel this policy, we will mail or deliver our written notice of cancellation to any named creditor loss payee in the same manner and at the same time as notification is given to the first Named Insured, as stated in this Condition.

The provisions of Paragraphs a. and b. above do not apply to any mortgageholder.

B. Paragraphs 6. and 7. of the Mortgageholders Condition, if any, are replaced by the following:

6. If:

- a. The first Named Insured cancels this policy, we will notify the mortgageholder.
- b. We cancel this policy, we will give written notice to the mortgageholder at least 30 days before the effective date of cancellation.

We will notify the mortgageholder by mailing or delivering the cancellation notice to the last mailing address known to us. If notice is mailed, proof of mailing will be sufficient proof of notice.

7. If:

- a. The first Named Insured does not renew this policy, we will notify the mortgageholder.
- b. We decide not to renew this policy, we will give written notice to the mortgageholder at least:

(1) 10 days before an anniversary date or the expiration date of the policy, if the nonrenewal is due to nonpayment of premium; or

(2) 30 days before an anniversary date or the expiration date of the policy, if the nonrenewal is for any other reason.

We will notify the mortgageholder by mailing or delivering the notice of nonrenewal to the last mailing address known to us. If notice is mailed, proof of mailing will be sufficient proof of notice.

C. The following Condition is added and supersedes any provision to the contrary:

NONRENEWAL

- 1. If the first Named Insured does not renew this policy, we will notify any named creditor loss payee.
- 2. If we decide not to renew this policy, we will mail or deliver written notice of nonrenewal to the first Named Insured and any named creditor loss payee, at least:
 - a. 10 days before the effective date of nonrenewal, if the nonrenewal is due to nonpayment of premium; or
 - b. 30 days before an anniversary date or the expiration date of the policy, if the nonrenewal is for any other reason.

We will notify the first Named Insured and any named creditor loss payee, by mailing or delivering the notice of nonrenewal to the last mailing address known to us. If notice is mailed, proof of mailing will be sufficient proof of notice.

The provisions of Paragraphs 1. and 2. above do not apply to any mortgageholder.

POLICY NO.: 0251871-02-174757

01/21/10

- D. The requirements for notification of cancellation or nonrenewal of this policy, as stated in Paragraphs A., B., and C. above, supersede any other notification requirements to any named creditor loss payee and any mortgageholder, stated in this policy, including any endorsement attached to the policy.
- E. Any named creditor loss payee and any mortgageholder may elect not to receive notification of cancellation or nonrenewal by providing us with a written release.

THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

MISSISSIPPI CHANGES

This endorsement modifies insurance provided under the following:

**INLAND MARINE COVERAGE PART
PROPERTY COVERAGE PART**

- A. The Legal Action Against Us Condition, in the Property Conditions is replaced by the following:**

LEGAL ACTION AGAINST US

No one may bring a legal action against us under this Coverage Part unless:

1. There has been full compliance with all of the terms of this Coverage Part; and
2. The action is brought within 3 years after the date on which the direct physical loss or damage occurred.

- B. The Legal Action Against Us Condition in the Inland Marine Conditions is replaced by the following:**

LEGAL ACTION AGAINST US

No one may bring a legal action against us under this Coverage Part unless:

1. There has been full compliance with all the terms of this Coverage Part; and
2. The action is brought within 3 years after you first have knowledge of the direct loss or damage.

THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

CAP ON LOSSES FROM CERTIFIED ACTS OF TERRORISM

This endorsement modifies insurance provided under the following:

**PROPERTY COVERAGE PART
INLAND MARINE COVERAGE PART**

A. CAP ON CERTIFIED TERRORISM LOSSES

"Certified act of terrorism" means an act that is certified by the Secretary of the Treasury, in concurrence with the Secretary of State and the Attorney General of the United States, to be an act of terrorism pursuant to the federal Terrorism Risk Insurance Act. The criteria contained in the Terrorism Risk Insurance Act for a "certified act of terrorism" include the following:

1. The act resulted in insured losses in excess of \$5 million in the aggregate attributable to all types of insurance subject to the Terrorism Risk Insurance Act; and
2. The act is a violent act or an act that is dangerous to human life, property, or infrastructure and is committed by an individual or individuals as part of an effort to coerce the civilian population of the United States or to influence the policy or affect the conduct of the United States Government by coercion.

If aggregate insured losses attributable to terrorist acts certified under the Terrorism Risk Insurance Act exceed \$100 billion in a Program Year (January 1 through December 31) and we have met our insurer deductible under the Terrorism Risk Insurance Act, we shall not be liable for the payment of any portion of the amount of such losses that exceeds \$100 billion, and in such case insured losses up to that amount are subject to pro rata allocation in accordance with procedures established by the Secretary of the Treasury.

B. APPLICATION OF EXCLUSIONS

The terms and limitations of any terrorism exclusion, or the inapplicability or omission of a terrorism exclusion, do not serve to create coverage for any loss which would otherwise be excluded under this Coverage Part or Policy, such as losses excluded by the Nuclear Hazard Exclusion or the War And Military Action Exclusion.

THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

CAP ON LOSSES FROM CERTIFIED ACTS OF TERRORISM

This endorsement modifies insurance provided under the following:

**GENERAL LIABILITY COVERAGE PART
HIRED AND NONOWNED AUTOMOBILE LIABILITY COVERAGE PART
PROFESSIONAL LIABILITY COVERAGE PART**

If aggregate insured losses attributable to terrorist acts certified under the federal Terrorism Risk Insurance Act exceed \$100 billion in a Program Year (January 1 through December 31) and we have met our insurer deductible under the Terrorism Risk Insurance Act, we shall not be liable for the payment of any portion of the amount of such losses that exceeds \$100 billion, and in such case insured losses up to that amount are subject to pro rata allocation in accordance with procedures established by the Secretary of the Treasury.

"Certified act of terrorism" means an act that is certified by the Secretary of the Treasury, in concurrence with the Secretary of State and the Attorney General of the United States, to be an act of terrorism pursuant to the federal Terrorism Risk

Insurance Act. The criteria contained in the Terrorism Risk Insurance Act for a "certified act of terrorism" include the following:

1. The act resulted in insured losses in excess of \$5 million in the aggregate attributable to all types of insurance subject to the Terrorism Risk Insurance Act; and
2. The act is a violent act or an act that is dangerous to human life, property, or infrastructure and is committed by an individual or individuals as part of an effort to coerce the civilian population of the United States or to influence the policy or affect the conduct of the United States Government by coercion.

PROPERTY COVERAGE PART TABLE OF CONTENTS

Some of the Coverage Forms listed in this table of contents may not apply to your policy. Refer to the Declarations Page to determine which Coverage Forms apply.

Mutual and Common Policy Conditions - Form No. A 050

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Property Conditions - Form No. A 100

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Religious Institutions Building and Personal Property Coverage Form - Form No. A 101

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Health Care Facilities Building and Personal Property Coverage Form - Form No. A 103

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PROPERTY CONDITIONS

This Property Coverage Part is subject to the Common Policy Conditions, any other conditions in any Property Coverage Forms, and the following conditions.

Other words and phrases that appear in quotation marks have special meaning. **Refer to Paragraph M - Definition.**

A. CONCEALMENT, MISREPRESENTATION OR FRAUD

This Coverage Part is void in any case of fraud by you relating to it. It is also void if you or any other insured, at any time, intentionally conceal or misrepresent a material fact concerning:

1. This Coverage Part;
2. The Covered Property;
3. Your interest in the Covered Property; or
4. A claim under this Coverage Part.

B. CONTROL OF PROPERTY

Any act or neglect of any person other than you beyond your direction or control will not affect this insurance.

The breach of any condition of this Coverage Part at any one or more locations will not affect coverage at any location where, at the time of loss or damage, the breach of condition does not exist.

C. LOSS CONDITIONS

1. Abandonment.

There can be no abandonment of any property to us.

2. Appraisal.

If we and you disagree on the value of the property or the amount of loss, either may make written demand for an appraisal of the loss. In this event, each party will select a competent and impartial appraiser. The two appraisers will select an umpire. If they cannot agree, either may request that selection be made by a judge of a court having jurisdiction. The appraisers will state separately the value of the property and amount of loss. If they fail to agree, they will submit their differences to the umpire. A decision agreed to by any two will be binding.

Each party will:

- a. Pay its chosen appraiser; and
- b. Bear the other expenses of the appraisal and umpire equally.

If there is an appraisal, we will still retain our right to deny the claim.

3. Duties in the Event of Loss or Damage.

- a. You must see that the following are done in the event of loss or damage to Covered Property:

- (1) Notify the police if a law may have been broken.
- (2) Give us prompt notice of the loss or damage. Include a description of the property involved.
- (3) As soon as possible, give us a description of how, when, and where the loss or damage occurred.
- (4) Take all reasonable steps to protect the Covered Property from further damage and keep a record of your expenses necessary to protect the Covered Property for consideration in the settlement of the claim. This will not increase the Limit of Insurance. However, we will not pay for any subsequent loss or damage resulting from a cause of loss that is not a Covered Cause of Loss. Also, if feasible, set the damaged property aside and in the best possible order for examination.
- (5) At our request, give us complete inventories of the damaged and undamaged property. Include quantities, costs, values, and amount of loss claimed.

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- (6) As often as may be reasonably required, permit us to inspect the property proving the loss or damage and examine your books and records.

Also permit us to take samples of damaged and undamaged property for inspection, testing and analysis, and permit us to make copies from your books and records.

- (7) Send us a signed, sworn proof of loss containing the information we request to investigate the claim. You must do this within 60 days after our request. We will supply you with the necessary forms.

- (8) Cooperate with us in the investigation or settlement of the claim.

- b. We may examine any insured under oath, while not in the presence of any other insured and at such times as may be reasonably required, about any matter relating to this insurance or the claim, including an insured's books and records. In the event of an examination, an insured's answers must be signed.

4. Loss Payment.

- a. In the event of loss or damage covered by this Coverage Part, at our option, we will either:

- (1) Pay the value of lost or damaged property;
- (2) Pay the cost of repairing or replacing the lost or damaged property, subject to b. below;
- (3) Take all or any part of the property at an agreed or appraised value; or
- (4) Repair, rebuild or replace the property with other property of comparable kind and quality, subject to b. below.

We will determine the value of lost or damaged property, or the cost of its repair or replacement, in accordance with the applicable terms of the Valuation Condition in this Coverage Form or any applicable provision which amends or supersedes the Valuation Condition.

- b. The cost to repair, rebuild or replace does not include the increased cost attributable to enforcement of any ordinance or law regulating the construction, use or repair of any property.

- c. We will give notice of our intentions within 30 days after we receive the sworn proof of loss.

- d. We will not pay you more than your financial interest in the Covered Property.

- e. We may adjust losses with the owners of lost or damaged property if other than you. If we pay the owners, such payment will satisfy your claims against us for the owners' property. We will not pay the owners more than their financial interest in the Covered Property.

- f. We may elect to defend you against suits arising from claims of owners of property. We will do this at our expense.

- g. We will pay for covered loss or damage within 30 days after we receive the sworn proof of loss, if you have complied with all of the terms of this Coverage Part; and:

- (1) We have reached agreement with you on the amount of loss; or

- (2) An appraisal award has been made.

5. Recovered Property.

If either you or we recover any property after loss settlement, that party must give the other prompt notice. At your option, the property will be returned to you. You must then return to us the amount we paid to you for the property. We will pay recovery expenses and the expenses to repair the recovered property, subject to the Limit of Insurance.

6. Vacancy.

If the building where loss or damage occurs has been vacant for more than 60 consecutive days before that loss or damage, we will:

- a. Not pay for any loss or damage caused by any of the following even if they are Covered Causes of Loss:

- (1) Vandalism;

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- (2) Sprinkler leakage, unless you have protected the system against freezing;
 - (3) Building glass breakage;
 - (4) Water damage;
 - (5) Theft; or
 - (6) Attempted theft.
- b. Reduce the amount we would otherwise pay for the loss or damage by 15%.

This Vacancy Condition does not apply to any dwelling of four families or less that is intended for employee occupancy.

A building is vacant when it does not contain enough of your personal property to conduct customary operations. Buildings in the course of construction are not considered vacant.

7. Valuation.

- a. Replacement Cost. If Replacement Cost is shown in the Declarations Page as applicable to Covered Property, we will determine the value of Covered Property in the event of loss or damage as follows:
- (1) At Replacement Cost (without deduction for depreciation) as of the time of loss or damage, except as provided under c. below.
 - (2) You may make a claim for loss or damage covered by this insurance on an "Actual Cash Value" basis instead of on a Replacement Cost basis. In the event you elect to have loss or damage settled on an "Actual Cash Value" basis:
 - (a) We will then determine the value of Covered Property on an "Actual Cash Value" basis when applying the Coinsurance Condition;
 - (b) You may still make a claim on a Replacement Cost basis if you notify us of your intent to do so within 180 days after the date of the loss or damage.
 - (3) We will not pay on a Replacement Cost basis for any loss or damage:

- (a) Until the lost or damaged property is actually repaired or replaced; and
 - (b) Unless the repairs or replacement are made as soon as reasonably possible after the loss or damage.
- (4) We will not pay more for loss or damage on a Replacement Cost basis than the least of:
- (a) The Limit of Insurance applicable to the lost or damaged property;
 - (b) The cost to replace "on the same premises" the lost or damaged property with other property:
 - 1) Of comparable material and quality; and
 - 2) Used for the same purpose; or
 - (c) The amount you actually spend that is necessary to repair or replace the lost or damaged property.

The term "on the same premises" is a limitation on the amount of loss or damage we will pay. It does not require you to replace lost or damaged property at the same site.

- (5) The cost of repair or replacement does not include the increased cost attributable to enforcement of any ordinance or law regulating the construction, use or repair of any property.
- b. "Actual Cash Value." If "Actual Cash Value" is shown in the Declarations Page as applicable to Covered Property, we will determine the value of Covered Property in the event of loss or damage at "Actual Cash Value" as of the time of loss or damage except as provided under c. below.
- c. We will determine the value of the below Covered Property as of the time of loss or damage as follows:
- (1) Glass at the minimum cost of replacement with safety glazing material if required by law;

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(2) Tenant's improvements and betterments at:

(a) "Actual Cash Value" of the lost or damaged property if you make repairs promptly;

(b) A proportion of your original cost if you do not make repairs promptly. We will determine the proportionate value as follows:

1) Multiply the original cost by the number of days from the loss or damage to the expiration of the lease; and

2) Divide the amount determined in 1) above by the number of days from the installation of improvements to the expiration of the lease.

If your lease contains a renewal option, the expiration of the renewal option period will replace the expiration of the lease in this procedure.

(c) Nothing if others pay for repairs or replacement.

(3) Manuscripts and valuable papers and records, including those which exist on electronic or magnetic media (other than prepackaged software programs) at the cost of:

(a) Blank materials for reproducing the manuscripts and valuable papers and records; and

(b) Labor to transcribe or copy the manuscripts and valuable papers and records when there is a duplicate.

(4) The following applies to building property that is subject to "Actual Cash Value":

(a) If the Limit of Insurance for building satisfies the Additional Condition, Coinsurance, and the cost to repair or replace the damaged building property is \$2,500 or less, we will pay the cost of building repairs or replacement.

The cost of building repairs or replacement does not include the increased cost attributable to enforcement of any ordinance or law regulating the construction, use or repair of any property. However, the following property will be valued at the actual cash value.

1) Awnings or floor coverings;

2) Appliances for refrigerating, ventilating, cooking, dishwashing or laundering; or

3) Outdoor equipment or furniture.

(5) Personal property that is a work of art, antique or rare article at Market Value. This does not increase the amount of the limitation on works of art, antiques and rare articles. (Refer to the applicable Causes of Loss Form.)

(6) Property covered under the Newly Acquired Property Coverage Extension at "Actual Cash Value";

(7) Property of Others at replacement cost.

(8) Business Personal Property of Your Clergy covered under the Coverage Extension at replacement cost.

D. COINSURANCE

1. If a Coinsurance percentage is shown in the Declarations Page, the following condition applies:

a. We will not pay the full amount of any loss if the value of Covered Property at the time of loss times the Coinsurance percentage shown for it in the Declarations Page is greater than the Limit of Insurance for the property.

Instead, we will determine the most we will pay using the following steps:

(1) Multiply the value of Covered Property at the time of loss by the Coinsurance percentage;

(2) Divide the Limit of Insurance of the property by the figure determined in Step (1);

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(3) Multiply the total amount of loss, before the application of any deductible, by the figure determined in Step (2); and

(4) Subtract the deductible from the figure determined in Step (3).

We will pay the amount determined in Step (4) or the limit of insurance, whichever is less. For the remainder, you will either have to rely on other insurance or absorb the loss yourself.

Example No. 1 (Underinsurance):

When: The value of the property is \$250,000
 The Coinsurance percentage for it is 80%
 The Limit of Insurance for it is \$100,000
 The Deductible is \$250
 The amount of loss is \$40,000

Step (1): $\$250,000 \times 80\% = \$200,000$
 (the minimum amount of insurance to meet your Coinsurance requirements).

Step (2): $\$100,000 \div \$200,000 = .50$.

Step (3): $\$40,000 \times .50 = \$20,000$.

Step (4): $\$20,000 - \$250 = \$19,750$.

We will pay no more than \$19,750. The remaining \$20,250 is not covered.

Example No. 2 (Adequate Insurance):

When: The value of the property is \$250,000
 The Coinsurance percentage for it is 80%
 The Limit of Insurance for it is \$200,000
 The Deductible is \$250
 The amount of loss is \$40,000

The minimum amount of insurance to meet your coinsurance requirement is \$200,000 ($\$250,000 \times 80\%$). Therefore, the limit of insurance in this example is adequate and no penalty applies. We will pay no more than \$39,750 (\$40,000 amount of loss minus the deductible of \$250).

b. If one Limit of Insurance applies to two or more separate items, this condition will apply to the total of all property to which the limit applies.

Example No. 3:

When: The value of the property is:

Building at Location No. 1	\$ 75,000
Building at Location No. 2	\$100,000
Personal Property at Location No. 2	<u>\$ 75,000</u>
	<u>\$250,000</u>

The Coinsurance percentage for it is 90%
 The Limit of Insurance for Buildings and Personal Property at Location Nos. 1 and 2 is \$180,000

The Deductible is \$ 1,000

The amount of loss is:
 Building at Location No. 2 \$ 30,000
 Personal Property at Location No. 2 \$ 20,000
\$ 50,000

Step (1): $\$250,000 \times 90\% = \$225,000$
 (the minimum amount of insurance to meet your Coinsurance requirements and to avoid the penalty shown below).

Step (2): $\$180,000 \div \$225,000 = .80$.

Step (3): $\$50,000 \times .80 = \$40,000$.

Step (4): $\$40,000 - \$1,000 = \$39,000$.

We will pay no more than \$39,000. The remaining \$11,000 is not covered.

If a loss to any covered dwelling of four families or less is valued at "Actual Cash Value", this Coinsurance Condition does not apply to that loss. However, Paragraph C.7.c.(4) applies only if the Limit of Insurance for that dwelling is at least 80% of "Actual Cash Value."

E. INSURANCE UNDER TWO OR MORE COVERAGES

If two or more of this policy's coverages apply to the same loss or damage, we will not pay more than the

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actual amount of the loss or damage.

F. LEGAL ACTION AGAINST US

No one may bring a legal action against us under this Coverage Part unless:

1. There has been full compliance with all of the terms of this Coverage Part; and
2. The action is brought within 2 years after the date on which the direct physical loss or damage occurred.

G. LIBERALIZATION

If we adopt any revision that would broaden the coverage under this Coverage Part without additional premium within 45 days prior to or during the policy period, the broadened coverage will immediately apply to this Coverage Part.

H. NO BENEFIT TO BAILEE

No person or organization, other than you, having custody of Covered Property will benefit from this insurance.

I. OTHER INSURANCE

1. You may have other insurance subject to the same plan, terms, conditions, and provisions as the insurance under this Coverage Part. If you do, we will pay our share of the covered loss or damage. Our share is the proportion that the applicable Limit of Insurance under this Coverage Part bears to the Limits of Insurance of all insurance covering on the same basis.
2. If there is other insurance covering the same loss or damage, other than that described in 1. above, we will pay only for the amount of covered loss or damage in excess of the amount due from that other insurance, whether you can collect on it or not. But we will not pay more than the applicable Limit of Insurance.

J. POLICY PERIOD, COVERAGE TERRITORY

Under this Coverage Part:

1. We cover loss or damage commencing:

a. During the policy period shown in the Declarations Page; and

b. Within the coverage territory.

2. The coverage territory is:

a. The United States of America (including its territories and possessions);

b. Puerto Rico; and

c. Canada.

K. TRANSFERS OF RIGHTS OF RECOVERY AGAINST OTHERS TO US

If any person or organization to or for whom we make payment under this Coverage Part has rights to recover damages from another, those rights are transferred to us to the extent of our payment. That person or organization must do everything necessary to secure our rights and must do nothing after loss to impair them. But you may waive your rights against another party in writing:

1. Prior to a loss to your Covered Property or Covered Income.

2. After a loss to your Covered Property or Covered Income only if, at time of loss, that party is one of the following:

a. Someone insured by this insurance;

b. A business firm:

(1) Owned or controlled by you; or

(2) That owns or controls you; or

c. Your tenant.

This will not restrict your insurance.

L. MORTGAGEHOLDERS

1. The term "mortgageholder" includes trustee.

2. We will pay for covered loss of or damage to buildings or structures to each mortgageholder shown in the Declarations Page in their order of precedence, as interests may appear.

3. The mortgageholder has the right to receive loss payments even if the mortgageholder has started foreclosure or similar action on the building or structure.

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4. If we deny your claim because of your acts or because you have failed to comply with the terms of this Coverage Part, the mortgageholder will still have the right to receive loss payment if the mortgageholder:

- a. Pays any premium due under this Coverage Part at our request if you have failed to do so;
- b. Submits a signed, sworn proof of loss within 60 days after receiving notice from us of your failure to do so; and
- c. Has notified us of any change in ownership, occupancy or substantial change in risk known to the mortgageholder.

All of the terms of this Coverage Part will then apply directly to the mortgageholder.

5. If we pay the mortgageholder for any loss or damage and deny payment to you because of your acts or because you have failed to comply with the terms of this Coverage Part:

- a. The mortgageholder's rights under the mortgage will be transferred to us to the extent of the amount we pay; and

b. The mortgageholder's right to recover the full amount of the mortgageholder's claim will not be impaired.

At our option, we may pay to the mortgageholder the whole principal on the mortgage plus any accrued interest. In this event, your mortgage and note will be transferred to us and you will pay your remaining mortgage debt to us.

6. If we cancel this policy, we will give written notice to the mortgageholder at least:

- a. 10 days before the effective date of cancellation if we cancel for your nonpayment of premium; or
- b. 30 days before the effective date of cancellation if we cancel for any other reason.

7. If we elect not to renew this policy, we will give written notice to the mortgageholder at least 10 days before the expiration date of this policy.

M. DEFINITION

- 1. "Actual Cash Value" means the amount it would cost to repair or replace Covered Property with material of comparable kind and quality, less allowance for deterioration and depreciation, including obsolescence.

THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

IDENTITY RECOVERY COVERAGE FORM
IDENTITY THEFT CASE MANAGEMENT SERVICE AND EXPENSE REIMBURSEMENT

The following is added to the Property Coverage Part:

IDENTITY RECOVERY COVERAGE

We will provide the Case Management Service and Expense Reimbursement Coverage indicated below if all of the following requirements are met:

1. There has been an "identity theft" involving the personal identity of an "identity recovery insured" as defined in this coverage form; and
2. Such "identity theft" is first discovered by the "identity recovery insured" during the period for which this Identity Recovery Coverage is applicable; and
3. Such "identity theft" is reported to us within 60 days after it is first discovered by the "identity recovery insured."

If all three of the requirements listed above have been met, then we will provide the following to the "identity recovery insured":

1. Case Management Service

Services of an "identity recovery case manager" as needed to respond to the "identity theft"; and

2. Expense Reimbursement

Reimbursement of necessary and reasonable "identity recovery expenses" incurred as a direct result of the "identity theft."

This coverage is additional insurance.

EXCLUSIONS

The following additional exclusions apply to this coverage:

We do not cover loss or expense arising from any of the following.

1. The theft of a professional or business identity.
2. Any fraudulent, dishonest or criminal act by an "identity recovery insured" or any person aiding or abetting an "identity recovery insured", or by any

authorized representative of an "identity recovery insured", whether acting alone or in collusion with others. In all these cases, it does not matter whether the individual is acting alone or in collusion with others. However, this exclusion shall not apply to the interests of an "identity recovery insured" who has no knowledge of or involvement in such fraud, dishonesty or criminal act.

3. An "identity theft" that is not reported in writing to the police.

LIMITS

Case Management Service is available as needed for any one "identity theft" for up to 12 consecutive months from the inception of the service. Expenses we incur to provide Case Management Service do not reduce the amount of limit available for Expense Reimbursement coverage.

Expense Reimbursement coverage is subject to a limit of \$15,000 annual aggregate per "identity recovery insured." Regardless of the number of claims, this limit is the most we will pay for the total of all loss or expense arising out of all "identity thefts" to any one "identity recovery insured" which are first discovered by the "identity recovery insured" during a 12-month period starting with the beginning of the present annual coverage form period. If an "identity theft" is first discovered in one coverage form period and continues into other coverage form periods, all loss and expense arising from such "identity theft" will be subject to the aggregate limit applicable to the coverage form period when the "identity theft" was first discovered.

Legal costs as provided under Item d. of the definition of "identity recovery expenses" are part of, and not in addition to, the Expense Reimbursement coverage limit.

Item e. (Lost Wages) and Item f. (Child and Elder Care Expenses) of the definition of "identity recovery expenses" are jointly subject to a sublimit of \$5,000. This sublimit is part of, and not in addition to, the

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Expense Reimbursement coverage limit. Coverage is limited to wages lost and expenses incurred within 12 months after the first discovery of the "identity theft" by the "identity recovery insured."

Item g. (Mental Health Counseling) of the definition of "identity recovery expenses" is subject to a sublimit of \$1,000. This sublimit is part of, and not in addition to, the Expense Reimbursement coverage limit. Coverage is limited to counseling that takes place within 12 months after the first discovery of the "identity theft" by the "identity recovery insured."

Item h. (Miscellaneous Unnamed Costs) of the definition of "identity recovery expenses" is subject to a sublimit of \$1,000. This sublimit is part of, and not in addition to, the Expense Reimbursement coverage limit. Coverage is limited to costs incurred within 12 months after the first discovery of the "identity theft" by the "identity recovery insured."

DEDUCTIBLE

Case Management Service is not subject to a deductible.

Expense Reimbursement coverage is not subject to a deductible.

ADDITIONAL CONDITIONS

The following additional conditions apply in addition to the Common Policy Conditions and the Property Conditions:

A. Assistance and Claims

For assistance, the "identity recovery insured" should call the toll-free number provided.

The toll-free number can provide the "identity recovery insured" with:

1. Information and advice on how to respond to a possible "identity theft"; and
2. Instructions on how to submit a service request for Case Management Service and/or a claim form for Expense Reimbursement Coverage.

In some cases, we may provide Case Management services at our expense to an "identity recovery insured" prior to a determination that a covered "identity theft" has occurred. Our provision of such services is not an admission of liability under the coverage form. We reserve the right to deny

further coverage or service if, after investigation, we determine that a covered "identity theft" has not occurred.

As respects Expense Reimbursement Coverage, the "identity recovery insured" must send to us, within 60 days after our request, receipts, bills or other records that support his or her claim for "identity recovery expenses."

B. Services

The following conditions apply as respects any services provided by us or our designees to any "identity recovery insured" under this endorsement:

1. Our ability to provide helpful services in the event of an "identity theft" depends on the cooperation, permission and assistance of the "identity recovery insured."
2. All services may not be available or applicable to all individuals. For example, "identity recovery insureds" who are minors or foreign nationals may not have credit records that can be provided or monitored. Service in Canada will be different from service in the United States and Puerto Rico in accordance with local conditions.
3. We do not warrant or guarantee that our services will end or eliminate all problems associated with an "identity theft" or prevent future "identity thefts."

DEFINITIONS

With respect to the provisions of this coverage form only, the following definitions are added:

1. "Identity Recovery Case Manager" means one or more individuals assigned by us to assist an "identity recovery insured" with communications we deem necessary for re-establishing the integrity of the personal identity of the "identity recovery insured." This includes, with the permission and cooperation of the "identity recovery insured," written and telephone communications with law enforcement authorities, governmental agencies, credit agencies and individual creditors and businesses.
2. "Identity Recovery Expenses" means any of the following when they are reasonable and

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necessary expenses that are incurred as a direct result of an "identity theft":

- a. Costs for re-filing applications for loans, grants or other credit instruments that are rejected solely as a result of an "identity theft."
- b. Costs for notarizing affidavits or other similar documents, long distance telephone calls and postage solely as a result of your efforts to report an "identity theft" or amend or rectify records as to your true name or identity as a result of an "identity theft."
- c. Costs for credit reports from established credit bureaus.
- d. Costs for an attorney approved by us for the following.
 - (1) The defense of any civil suit brought against an "identity recovery insured."
 - (2) The removal of any civil judgment wrongfully entered against an "identity recovery insured."
 - (3) Legal assistance for an "identity recovery insured" at an audit or hearing by a governmental agency.
 - (4) Legal assistance in challenging the accuracy of the "identity recovery insured's" consumer credit report.
 - (5) The defense of any criminal charges brought against an "identity recovery insured" arising from the actions of a third party using the personal identity of the "identity recovery insured."
- e. Actual lost wages of the "identity recovery insured" for time reasonably and necessarily taken away from work and away from the work premises. Time away from work includes partial or whole work days. Actual lost wages may include payment for vacation days, discretionary days, floating holidays and paid personal days. Actual lost wages does not include sick days or any loss arising from time taken away from self employment. Necessary time off does not include time off to do tasks that could reasonably have been done during non-working hours.

- f. Actual costs for supervision of children or elderly or infirm relatives or dependants of the "identity recovery insured" during time reasonably and necessarily taken away from such supervision. Such care must be provided by a professional care provider who is not a relative of the "identity recovery insured."
- g. Actual costs for counseling from a licensed mental health professional. Such care must be provided by a professional care provider who is not a relative of the "identity recovery insured."
- h. Any other reasonable costs necessarily incurred by an "identity recovery insured" as a direct result of the "identity theft." Such costs include:
 - (1) Costs by the "identity recovery insured" to recover control over his or her personal identity.
 - (2) Deductibles or service fees from financial institutions.

Such costs do not include:

- (3) Costs to avoid, prevent or detect "identity theft" or other loss.
- (4) Monies lost or stolen.
- (5) Costs that are restricted or excluded elsewhere in this endorsement or coverage form.

3. "Identity Recovery Insured" means the following:

- a. When the entity insured under this coverage form is a religious institution, school or college, camp, or senior living facility the "identity recovery insureds" are:
 - (1) All clergy employed by such entity; and
 - (2) The religious institution business administrator, the head school or college administrator, camp director, or senior living administrator of such entity.
- b. "Identity recovery insured" also includes residents of the household of anyone qualifying as an "identity recovery insured" under Section a. above, provided such individuals are:

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- (1) Relatives of the person qualifying as an "identity recovery insured" under Section a. above ; or
 - (2) Under the age of 21 and in the care of the person qualifying as an "identity recovery insured" under Section a. above.
- c. When the entity insured under this coverage form is not a religious institution, school or college, camp, or senior living facility, then the definition of "identity recovery insured" depends on the ownership structure of the entity as follows:
- (1) When the entity insured under this coverage form is a sole proprietorship, the "identity recovery insured" is the individual person who is the sole proprietor of the insured entity.
 - (2) When the entity insured under this coverage form is a partnership, the "identity recovery insureds" are the current partners.
 - (3) When the entity insured under this coverage form is a corporation or other organization, the "identity recovery insureds" are all individuals having an ownership position of 20% or more of the insured entity. However, if and only if, there is no one who has such an ownership position, then the "identity recovery insured" shall be the executive director of the insured entity.
4. "Identity Theft" means the fraudulent use of the social security number or other method of identifying an "identity recovery insured." This includes fraudulently using the personal identity of an "identity recovery insured" to establish credit accounts, secure loans, enter into contracts or commit crimes.
- "Identity theft" does not include the fraudulent use of a business name, d/b/a or any other method of identifying a business activity.

All other provisions of this coverage form apply.

THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

WATER EXCLUSION ENDORSEMENT

This endorsement modifies insurance provided under the Property Coverage Part. The following is added to the **CAUSES OF LOSS – SPECIAL FORM**.

Exclusion g. of Paragraph B. **EXCLUSIONS** is replaced by the following:

g. Water.

- (1) Flood, surface water, waves (including tidal wave and tsunami), tides, tidal water, overflow of any body of water, or spray from any of these, all whether or not driven by wind (including storm surge);
- (2) Mudslide or mudflow;
- (3) Water that backs up or overflows or is otherwise discharged from a sewer, drain, sump, sump pump or related equipment except as provided under G. Additional Coverage – Back Up Through Sewers and Drains.
- (4) Water under the ground surface pressing on, or flowing or seeping through:
 - a. Foundations, walls, floors or paved surfaces;
 - b. Basements, whether paved or not; or
 - c. Doors, windows or other openings; or

- (5) Waterborne material carried or otherwise moved by any of the water referred to in Paragraph 1., 3., or 4. or material carried or otherwise moved by mudslide or mudflow.

This exclusion applies regardless of whether any of the above, in Paragraphs g. (1) through g. (5), is caused by an act of nature or is otherwise caused. An example of a situation to which this exclusion applies is the situation where a dam, levee, seawall or other boundary or containment system fails in whole or in part, for any reason, to contain the water.

But if any of the above, in Paragraphs g. (1) through g. (5), results in fire, explosion or sprinkler leakage, we will pay for the loss or damage caused by that fire, explosion or sprinkler leakage (if sprinkler leakage is a Covered Cause of Loss).

BUILDING AND PERSONAL PROPERTY COVERAGE FORM

For Religious Institutions and Related Properties

Various provisions in this policy restrict coverage. Read the entire policy carefully to determine rights, duties, and what is and is not covered.

Throughout this policy, the words "you" and "your" refer to the Named Insured shown in the Declarations Page. The words "we," "us," and "our" refer to Church Mutual Insurance Company. Other words and phrases that appear in quotation marks have special meaning. **Refer to Paragraph I - DEFINITIONS.**

A. COVERAGE

We will pay for direct physical loss of or damage to Covered Property at the premises described in the Declarations Page caused by or resulting from any Covered Cause of Loss.

1. Covered Property.

Covered Property, as used in this Coverage Form, means the type of property described in this section, A. 1., and limited in A. 2., Property Not Covered, if a Limit of Insurance is shown in the Declarations for that type of property.

a. Building, meaning the building or structure described in the Declarations Page, including:

- (1) Signs on or within 100 feet of the described premises.
- (2) Signs away from premises.
- (3) Completed additions.
- (4) Glass windows and their protective covering; including stained glass windows.
- (5) Electric sound amplification equipment and accessories.
- (6) Fixtures, including outdoor fixtures.
- (7) Permanently installed:
 - (a) Machinery; and
 - (b) Equipment.
- (8) Fixed:
 - (a) Seats;
 - (b) Desks; and
 - (c) Tables.

- (9) Steeple, pews, baptistries, pulpits, railings, altars, lecterns, clocks, bells, and organs.

- (10) The following personal property owned by you that is used to maintain or service the building or structure or its premises:

- (a) Fire extinguishing equipment;
- (b) Outdoor furniture;
- (c) Floor coverings fastened to the floor; and
- (d) Appliances used for refrigerating, ventilating, cooking, dishwashing, or laundering.

- (11) If not covered by other insurance:

- (a) Alterations and repairs to the building or structure; and
- (b) Materials, equipment, supplies, and temporary structures, on or within 100 feet of the described premises, used for making additions, alterations, or repairs to the building or structure.

- b. Your Personal Property (not otherwise insured under building) located in or on the building described in the Declarations Page or in the open (or in a vehicle) within 100 feet of the described premises, consisting of the following:

- (1) Furniture and fixtures.
- (2) Machinery and equipment.
- (3) All other personal property owned by you and used in your operations.
- (4) Your use interest as tenant in improvements and betterments.

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Improvements and betterments are fixtures, alterations, installations, or additions:

(a) Made a part of the building or structure you occupy but do not own; and

(b) You acquired or made at your expense but cannot legally remove.

(5) Leased personal property for which you have a written contractual responsibility to insure. The contractual responsibility must have been established prior to any direct physical loss of or damage to the personal property.

2. Property Not Covered.

Covered Property does not include:

a. Accounts, bills, currency, deeds, evidences of debt, money, notes, or securities.

b. Animals.

c. Bridges, roadways, walks, patios, or other paved surfaces.

d. The cost of excavations, grading, backfilling, or filling.

e. Foundations of buildings, structures, machinery, or boilers if their foundations are below:

(1) The lowest basement floor; or

(2) The surface of the ground, if there is no basement.

f. Water, land (including land on which the property is located), and growing crops.

g. Bulkheads, pilings, piers, wharves, or docks.

h. Property that is covered under another Coverage Form of this policy or any other policy in which it is more specifically described.

i. Outdoor fences and retaining walls except as provided in the Coverage Extensions.

j. Underground pipes, flues, or drains.

k. The cost to research, replace, or restore the information on valuable papers and records, including those which exist on electronic or magnetic media, except as provided in the Coverage Extensions.

l. Vehicles or self-propelled machines (including automobiles, watercraft, and aircraft) that:

(1) Are operated principally away from the described premises; or

(2) Are licensed for use on public roads.

This Paragraph l. does not apply to your canoes or rowboats when on described premises.

m. The following property while outside of buildings:

(1) Grain, hay, straw, or other crops.

(2) Radio, television, satellite dish type, or other antennas, including their lead-in wiring, masts, or towers, except as provided in the Coverage Extensions.

(3) Trees, lawns, plants, or shrubs, except as provided in the Coverage Extensions.

B. DEDUCTIBLE

In any one occurrence of covered loss or damage (hereinafter referred to as loss), we will first reduce the amount of loss if required by the Coinsurance Condition or the Agreed Value Optional Coverage. If the adjusted amount of loss is less than or equal to the Deductible, we will not pay for that loss. If the adjusted amount of loss exceeds the Deductible, we will then subtract the Deductible from the adjusted amount of loss, and will pay the resulting amount or the Limit of Insurance, whichever is less.

When the occurrence involves loss to more than one item of Covered Property and separate Limits of Insurance apply, the losses will not be combined in determining application of the Deductible. But the Deductible will be applied only once per occurrence.

Example No. 1:

This example assumes there is no coinsurance penalty.

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Deductible: \$250

Limit of Insurance - Bldg. 1: \$60,000
 Limit of Insurance - Bldg. 2: \$80,000

Loss to Bldg. 1: \$60,100
 Loss to Bldg. 2: \$90,000

The amount of loss to Bldg. 1 (\$60,100) is less than the sum (\$60,250) of the Limit of Insurance applicable to Bldg. 1 plus the Deductible.

The Deductible will be subtracted from the amount of loss in calculating the loss payable for Bldg. 1:

\$60,100
 - 250
 \$59,850 Loss Payable - Bldg. 1

The Deductible applies once per occurrence and therefore is not subtracted in determining the amount of loss payable for Bldg. 2. Loss payable for Bldg. 2 is the Limit of Insurance of \$80,000.

Total amount of loss payable:
 \$59,850 + \$80,000 = \$139,850

Example No. 2:

This example, too, assumes there is no coinsurance penalty.

The Deductible and Limits of Insurance are the same as those in Example No. 1.

Loss to Bldg. 1: \$70,000 (exceeds Limit of Insurance plus Deductible)
 Loss to Bldg. 2: \$90,000 (exceeds Limit of Insurance plus Deductible)

Loss Payable - Bldg. 1: \$60,000 (Limit of Insurance)
 Loss Payable - Bldg. 2: \$80,000 (Limit of Insurance)
 Total Amount of Loss Payable: \$140,000

C. LIMITS OF INSURANCE

The most we will pay for loss or damage in any one occurrence is the applicable Limit of Insurance shown in the Declarations Page.

D. COVERED CAUSES OF LOSS

See the applicable Causes of Loss Form as shown in the Declarations Page.

E. EXCLUSIONS AND LIMITATIONS

See the applicable Causes of Loss Form as shown in the Declarations Page.

F. COVERAGE EXTENSIONS

Each of the following Coverage Extensions are additional insurance. The Coinsurance Condition does not apply to these Extensions.

1. Newly Constructed Buildings.

a. You may extend the insurance that applies to building to apply to:

(1) Your new buildings while being built in the United States of America, Puerto Rico, or Canada.

(2) Your additions to buildings:

(a) Covered by the Building and Personal Property Coverage Form; and

(b) Only if the addition is under construction.

b. Insurance under this Extension for newly constructed building will end when any of the following first occurs:

(1) This policy expires;

(2) 180 days expire after you begin to construct the property; or

(3) You report values to us.

We will charge you additional premium for values reported from the date construction begins. The most we will pay for loss or damage under this Extension is \$1,000,000, unless a higher limit is shown on the Declarations Page, for any one occurrence.

2. Newly Acquired Buildings and Newly Acquired Personal Property.

a. You may extend the insurance that applies to building and personal property to apply to any building and personal property you acquire that is located (other than at described premises) in the United States of America, Puerto Rico, or Canada. The building and personal

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property must be owned by you and intended for similar use as the building and personal property described in the Declarations Page.

- b. Insurance under this Extension for newly acquired building and personal property will end when any of the following first occurs:

- (1) This policy expires;
- (2) 180 days expire after you acquire the building or the personal property located therein; or
- (3) You report values to us.

We will charge you additional premium for values reported from the date you acquire the property.

The most we will pay for loss or damage under this Extension is \$1,000,000, unless a higher limit is shown on the Declarations Page, for any one occurrence.

3. Personal Property of Others.

- a. You may extend the insurance that applies to your personal property to apply to:

- (1) Personal property of your officers, trustees, employees, members, and guests; and
- (2) Personal property of others in your care, custody, or control.

- b. This Extension applies only when the personal property is at the premises described in the Declarations Page.

- c. This Extension does not apply:

- (1) To personal property that is located in dwelling or living quarters.
- (2) To personal tools and equipment of others.
- (3) To business and other personal property of your clergy.
- (4) If other insurance covers the same loss or damage, except we will pay for the amount of loss or damage we cover in excess of the amount due from that other insurance including

any deductible. We will not pay the amount due from that other insurance.

- d. Our payment for loss of or damage to personal property of others:

- (1) Will only be for the account of the owner of the property.

The most we will pay for all loss or damage under this Extension is \$5,000, unless a higher limit is shown on the Declarations Page, for any one occurrence.

4. Business Personal Property of Your Clergy.

- a. You may extend the insurance that applies to your personal property to apply to business personal property of your clergy.

- b. This Extension applies when business personal property of your clergy is at or away from the premises described in the Declarations Page.

- c. This Extension does not apply if other insurance covers the same loss or damage except we will pay for the amount of loss or damage we cover in excess of the amount due from that other insurance including any deductible. We will not pay the amount due from that other insurance.

- d. Our payment for loss of or damage to business personal property of your clergy will only be for the account of the owner of the property.

The most we will pay for all loss or damage under this Extension is \$10,000, unless a higher limit is shown on the Declarations Page, for any one occurrence.

5. Personal Tools and Equipment of Others.

- a. You may extend the insurance that applies to your personal property to apply to:

- (1) Personal tools and equipment of your volunteers, officers, trustees, employees, members, and guests; and

- (2) Personal tools and equipment of others in your care, custody, or control.

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b. This Extension applies only when the personal tools and equipment is used for the construction, renovation, or repair of the described premises in the Declarations Page.

c. This Extension does not apply:

(1) To tools and equipment that are located in dwelling or living quarters.

(2) If other insurance covers the same loss or damage, except we will pay for the amount of loss or damage we cover in excess of the amount due from that other insurance, including any deductible. We will not pay the amount due from that other insurance.

d. Our payment for loss of or damage to personal property of others will only be for the account of the owner of the property.

The most we will pay for all loss or damage under this Extension is \$5,000 for any one occurrence.

6. Valuable Papers and Records - Cost of Research.

You may extend the insurance that applies to your personal property to apply to your costs necessarily incurred to research, replace, or restore the lost information on lost or damaged valuable papers and records, including those which exist on electronic or magnetic media, for which duplicates do not exist.

The most we will pay under this Extension is \$10,000, unless a higher limit is shown on the Declarations Page, for any one occurrence.

7. Property Off Premises.

You may extend the insurance that applies to Covered Property to apply to:

a. Your Covered Property that is temporarily (not to exceed 180 days) removed from the premises described in the Declarations Page.

b. Your Covered Property in transit more than 100 feet from the premises described in the Declarations Page. We do not cover any loss or damage caused by or resulting from any transporting vehicle's collision with the roadbed.

This Extension applies to Covered Property anywhere in the world.

The most we will pay for loss or damage under this Extension is \$25,000, unless a higher limit is shown on the Declarations Page, for any one occurrence.

8. Outdoor Trees, Lawns, Plants, or Shrubs.

You may extend your insurance to cover loss or damage to outdoor trees, lawns, plants or shrubs at the described premises. Loss or damage includes debris removal expense and must be caused by or result from any of the following Causes of Loss:

a. Fire.

b. Lightning.

c. Explosion.

d. Riot.

e. Civil Commotion.

f. Aircraft.

g. Theft.

h. Vandalism.

i. Vehicles, except loss or damage:

(1) Caused by or resulting from maintenance, construction, or repairs.

(2) Which is cumulative, occurring over a period of days, weeks, or months.

The most we will pay for loss or damage to any one tree, lawn, plant, or shrub is \$500, unless a higher limit is shown on the Declarations Page. The most we will pay for all loss or damage under this Extension is \$5,000, unless a higher limit is shown on the Declarations Page, for any one occurrence.

9. Structures on Premises.

You may extend the insurance that applies to your buildings or personal property to apply to permanent structures owned by you. The permanent structures must be located on the premises described in the Declarations Page and be separated from buildings by clear space.

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a. Structures on Premises include:

- (1) Crosses, statuary, and similar religious structures;
- (2) Maintenance, service or storage buildings and their contents;
- (3) Fences and retaining walls;
- (4) Pavilions and similar shelters;
- (5) Light bearing standards or poles; and
- (6) Radio, television, satellite dish type or other antennas (and their lead-in wiring, masts or towers) even if not separated from buildings by clear space.

b. Structures on Premises does not include:

- (1) Any structure located on cemetery premises;
- (2) Any structure that pertains to the occupancy of a dwelling;
- (3) Any building (other than maintenance, service, or storage buildings and their contents); or
- (4) Any outside signs.

The most we will pay for loss or damage under this Extension is \$5,000, unless a higher limit is shown on the Declarations Page, for any one occurrence.

10. Dwelling.

You may extend the insurance that applies to any dwelling occupied by not more than four families and described in the Declarations Page to apply to that dwelling's:

- a. "Related private structures."
- b. "Property in the dwelling."
- c. "Rental value."
- d. "Additional living expense."

The most we will pay for loss or damage to dwelling related private structures under this Extension is up to 10% of the Limit of Insurance shown for that dwelling in the Declarations Page.

The most we will pay for loss or damage to property in the dwelling under this Extension is up to 5% of the Limit of Insurance shown for that dwelling in the Declarations Page.

The most we will pay for loss of dwelling rental value under this Extension is up to 10% of the Limit of Insurance shown for that dwelling in the Declarations Page.

The most we will pay for the cost of additional living expense under this Extension is up to 10% of the Limit of Insurance shown for that dwelling in the Declarations Page.

As respects this Extension, when blanket coverage applies to a described dwelling, we will determine that dwelling's Limit of Insurance at the time of loss or damage as the replacement value of the dwelling.

G. ADDITIONAL COVERAGES

Each of the following Additional Coverages provides an additional amount of insurance unless otherwise indicated.

1. Debris Removal

- a. Subject to Paragraphs c. and d., we will pay your expense to remove debris of Covered Property caused by or resulting from a Covered Cause of Loss that occurs during the policy period. The expenses will be paid only if they are reported to us in writing within 180 days of the date of direct physical loss or damage.

- b. Debris Removal does not apply to costs to:

- (1) Extract "pollutants" from land or water; or
- (2) Remove, restore, or replace polluted land or water.

- c. Subject to the exceptions in Paragraph d., the following provisions apply:

- (1) The most we will pay for the total of direct physical loss or damage plus debris removal expense is the Limit of Insurance applicable to the Covered Property that has sustained loss or damage.

- (2) Subject to (1) above, the amount we will pay for debris removal expense is limited to 25% of the sum of the

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deductible plus the amount that we pay for direct physical loss or damage to the Covered Property that has sustained loss or damage.

- d. We will pay an additional \$10,000, unless a higher limit is shown on the Declarations Page, for debris removal expense, for each location, in any one occurrence of physical loss or damage to Covered Property, if one or both of the following circumstances apply:

- (1) The total of the actual debris removal expense plus the amount we pay for direct physical loss or damage exceeds the Limit of Insurance on the Covered Property that has sustained loss or damage.
- (2) The actual debris removal expense exceeds 25% of the sum of the deductible plus the amount that we pay for direct physical loss or damage to the Covered Property that has sustained loss or damage.

Therefore, if d. (1) and/or d. (2) apply, our total payment for direct physical loss or damage and debris removal expense may reach but will never exceed the Limit of Insurance on the Covered Property that has sustained loss or damage, plus \$10,000, unless a higher limit is shown on the Declarations Page.

e. Examples

The following examples assume that there is no coinsurance penalty.

Example #1

Limit of Insurance	\$90,000
Amount of Deductible	\$500
Amount of Loss	\$50,000
Amount of Loss Payable	\$49,500
	(\$50,000-\$500)
Debris Removal Expense	\$10,000
Debris Removal Expense Payable	\$10,000
	(\$10,000 is 20% of \$50,000)

The debris removal expense is less than 25% of the sum of the loss payable plus the deductible. The sum of the loss payable and the debris removal expense (\$49,500 + \$10,000 = \$59,500) is less than the Limit of Insurance. Therefore, the full amount of debris removal expense

is payable in accordance with the terms of Paragraph c.

Example #2

Limit of Insurance	\$90,000
Amount of Deductible	\$500
Amount of Loss	\$80,000
Amount of Loss Payable	\$79,500
	(\$80,000-\$500)
Debris Removal Expense	\$30,000
Debris Removal Expense Payable	
Basic Amount	\$10,500
Additional Amount	\$10,000

The basic amount payable for debris removal expense under the terms of Paragraph c. is calculated as follows: \$80,000 (\$79,500 + \$500) X .25 = \$20,000; capped at \$10,500. The cap applies because the sum of the loss payable (\$79,500) and the basic amount payable for debris removal expense (\$10,500) cannot exceed the Limit of Insurance (\$90,000).

The additional amount payable for debris removal expense is provided in accordance with the terms of Paragraph d., because the debris removal expense (\$30,000) exceeds 25% of the loss payable plus the deductible (\$30,000 is 37.5% of \$80,000), and because the sum of the loss payable and debris removal expense (\$79,500 + \$30,000 = \$109,500) would exceed the Limit of Insurance (\$90,000). The additional amount of covered debris removal expense is \$10,000, the maximum payable under Paragraph d. Thus the total payable for debris removal expense in this example is \$20,500; \$9,500 of the debris removal expense is not covered.

2. Preservation of Property.

If it is necessary to move Covered Property from the premises described in the Declarations Page to preserve it from loss or damage by a Covered Cause of Loss, we will pay for any direct physical loss of or damage to that property:

- a. While it is being moved or while temporarily stored at another location; and
- b. Only if the loss or damage occurs within 30 days after the property is first moved.

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This is not an additional amount of insurance.

period of disruption of operations; and

3. Fire Department Service Charge.

When the fire department is called to save or protect Covered Property from a Covered Cause of Loss, we will pay up to \$25,000, unless a higher limit is shown on the Declarations Page, for your liability for fire department service charges:

- a. Assumed by contract or agreement prior to loss; or
- b. Required by local ordinance.

No deductible applies to this Additional Coverage.

4. Fire Extinguisher and Fire Suppression System Recharge

- a. We will pay the actual cost to recharge fire extinguishers after their use in fighting a fire at the described premises.
- b. We will pay the actual cost to recharge fire suppression systems due to leakage or discharge at the described premises. However, this provision applies only if the leakage or discharge of the fire suppression system is caused by a Covered Cause of Loss.

5. Institutional Income and Extra Expense.

a. Institutional Income.

We will pay your actual loss of net income that occurs during the period from the date of loss to the date the property can reasonably be restored to a tenantable condition but not longer than 12 consecutive months following the date of the direct physical loss or damage, if your "operations" or occupancy are necessarily interrupted because of direct physical loss of or damage to covered property at the described premises, resulting from a covered cause of loss. In determining the amount of any loss, we will consider the history of your income prior to the loss.

Institutional income means:

(1) Net Income. This means:

- (a) Total receipts and contributions (less operating expenses) normally received during the

- (b) Necessary continuing normal operating expenses;

Received or incurred by your "operations." We will consider payroll continuation and other expenses to the extent necessary to resume your "operations" with the same quality of service that existed before the loss.

(2) Rents. This means:

- (a) Your actual loss of rental income from your building as furnished or equipped; and
- (b) Any of your expenses that your tenants had agreed to pay; and
- (c) The "rental value" of any part of the building that you occupy;

Less any expenses that do not continue.

You must do all you can to reduce the loss. We do not cover any increase in loss due to your failure to use reasonable efforts to resume complete or partial operations. This includes making use of other locations and property to reduce the loss.

b. Extra Expense.

We will pay any actual and necessary extra expense sustained by you due to direct physical loss of or damage to Covered Property (except any dwelling) at the premises described in the Declarations Page caused by or resulting from any Covered Cause of Loss.

- (1) Extra expense means necessary "additional expense" you incur during the "period of restoration":

- (a) To avoid or minimize the "suspension" of your "operations":

- 1) At the premises described in the Declarations Page.
- 2) At replacement premises or at temporary locations including relocation

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expenses and costs to equip and operate the temporary or replacement locations.

(b) To minimize the "suspension" of your "operations" if you cannot continue "operations."

(c) To reduce the amount of loss otherwise payable by:

- 1) Repairing or replacing any property; or
- 2) Researching, replacing, or restoring the lost information on damaged valuable papers and records;

to the extent 1) or 2) above, reduce the amount of loss otherwise payable.

c. Civil Authority.

We will pay for the actual loss of Institutional Income you sustain and necessary Extra Expense caused by action of civil authority that prohibits access to the described premises due to direct physical loss of or damage to property, other than at the described premises, caused by or resulting from any Covered Cause of Loss. The coverage for Institutional Income will begin 72 hours after the time of that action and will apply for a period of up to three consecutive weeks after coverage begins.

The coverage for Extra Expense will begin immediately after the time of that action and will end:

- (1) Three consecutive weeks after the time of that action; or
- (2) When your Institutional Income coverage ends;

whichever is later.

d. Alterations and New Buildings.

- (1) We will pay for the actual loss of Institutional Income you sustain due to direct physical loss or damage at the described premises caused by or resulting from any Covered Cause of Loss to:

(a) New buildings or structures, whether complete or under construction;

(b) Alterations or additions to existing buildings or structures; or

(c) Machinery, equipment, supplies, or building materials located on or within 100 feet of the described premises; and

1) Used in the construction, alterations, or additions; or

2) Incidental to the occupancy of new buildings.

If such direct physical loss or damage delays the start of "operations," the "period of restoration" will begin on the date "operations" would have begun if the direct physical loss or damage had not occurred.

e. Extended Institutional Income.

- (1) Institutional Income other than "Rental Value."

If the necessary "suspension" of your "operations" produces an Institutional Income loss payable under this policy, we will pay for the actual loss of Institutional Income you incur during the period that:

(a) Begins on the date property is actually repaired, rebuilt, or replaced and "operations" are resumed; and

(b) Ends on the earlier of:

1) The date you could restore your "operations," with reasonable speed, to the level which would generate the institutional income amount that would have existed if no direct physical loss or damage had occurred; or

2) 30 consecutive days after the date determined in (a) above.

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However, Extended Institutional Income does not apply to loss of Institutional Income sustained or extra expense incurred as a result of unfavorable operating conditions caused by disruption to properties not insured under this policy.

Loss of Institutional Income must be caused by direct physical loss or damage at the described premises caused by or resulting from any Covered Cause of Loss.

(2) "Rental Value."

If the necessary "suspension" of your "operations" produces a "Rental Value" loss payable under this policy, we will pay for the actual loss of "Rental Value" you incur during the period that:

(a) Begins on the date property is actually repaired, rebuilt, or replaced and tenantability is restored; and

(b) Ends on the earlier of:

1) The date you could restore tenant occupancy, with reasonable speed, to the level which would generate the "Rental Value" that would have existed if no direct physical loss or damage had occurred; or

2) 30 consecutive days after the date determined in (a) above.

However, Extended Institutional Income does not apply to loss of "Rental Value" incurred as a result of disruption of properties not insured under this policy.

Loss of "Rental Value" must be caused by direct physical loss or damage at the described premises caused by or resulting from any Covered Cause of Loss.

The most we will pay under this Additional Coverage for Institutional Income and Extra Expense is \$10,000, unless a higher limit is shown on the Declarations Page, for any one occurrence.

6. Lock Replacement.

We will pay any necessary expense to repair or replace exterior or interior door locks of a covered building:

a. If your door keys are stolen in a covered theft loss; or

b. When your property is damaged and your door keys are stolen by burglars.

The most we will pay under this Additional Coverage is \$500, unless a higher limit is shown on the Declarations Page, for any one occurrence.

7. Refrigerated Food Products.

We will pay for loss of or damage to refrigerated food products at the premises described in the Declarations Page caused by the interruption of power supply services to those premises. The interruption must result from direct physical loss or damage by a Covered Cause of Loss to property used to supply power to your premises.

The most we will pay under this Additional Coverage is \$1,000, unless a higher limit is shown on the Declarations Page, for any one occurrence.

8. Arson Reward.

We will pay a reward for information leading to a conviction for arson. The reward is payable only for information concerning a fire loss to property covered by this policy.

The most we will pay as a reward is \$5,000, unless a higher limit is shown on the Declarations Page, even if more than one person provides information leading to a conviction for arson. We will base the amount of our reward payment on the value of the information furnished.

No deductible applies to this Additional Coverage.

This Additional Coverage does not apply to anyone who personally participated in the arson.

9. Pollutant Cleanup and Removal.

We will pay your expense to extract "pollutants" from land or water at the described premises if the discharge,

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dispersal, seepage, migration, release, or escape of the "pollutants" is caused by or results from a Covered Cause of Loss that occurs during the policy period. The expenses will be paid only if they are reported to us in writing within 180 days of the date on which the Covered Cause of Loss occurs.

This Additional Coverage does not apply to costs to test for, monitor or assess the existence, concentration or effects of "pollutants," but we will pay for testing which is performed in the course of extracting the "pollutants" from the land or water.

The most we will pay under this Additional Coverage for each described premises is \$10,000 for the sum of all covered expenses arising out of Covered Cause of Loss occurring during each separate 12 month period of this policy.

10. Building Ordinance.

a. If a Covered Cause of Loss occurs to covered building property, we will pay:

- (1) Coverage for Loss to the Undamaged Portion of the Building.

With respect to the building that has sustained covered direct physical damage we will pay for the loss in value of the undamaged portion of the building as a consequence of enforcement of an ordinance or law that requires the demolition of undamaged parts of the same building.

- (2) Demolition Cost Coverage.

With respect to the building that has sustained covered direct physical damage, we will pay the cost to demolish and clear the site of undamaged parts of the same building, as a consequence of enforcement of an ordinance or law that requires demolition of such undamaged property.

- (3) Increased Cost of Construction Coverage.

a) With respect to the building that has sustained covered direct physical damage, we will pay the increased cost to:

- 1) Repair or reconstruct damaged portions of that Building property; and/or
- 2) Reconstruct or remodel undamaged portions of that Building property, whether or not demolition is required;

when the increased cost is a consequence of enforcement of the minimum requirements of the ordinance or law.

However:

- 1) This coverage applies only if the restored or remodeled property is intended for similar occupancy as the current property, unless such occupancy is not permitted by zoning, or land use ordinance or law.
- 2) We will not pay for the increased cost of construction if the building is not repaired, reconstructed, or remodeled.

- b) When a building is damaged or destroyed and Increased Cost of Construction Coverage applies to that building in accordance with 3)a) above, coverage for the increased cost of construction also applies to repair or reconstruction of the following, subject to the same conditions stated in 3)a):

- 1) The cost of excavations, grading, backfilling, and filling;
- 2) Foundation of the building;
- 3) Pilings; and
- 4) Underground pipes, flues, and drains.

The items listed in b)1) through b)4) above, are deleted from Property Not Covered, but only with respect to the coverage described in this provision, (3)b).

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b. Application Of Coverage(s).

The Coverage(s) provided by this additional coverage apply only if both b.(1) and b.(2) are satisfied and are then subject to the qualifications set forth in b.(3).

(1) The ordinance or law:

- a) Regulates the demolition, construction or repair of buildings, or establishes zoning or land use requirements at the described premises; and

b) Is in force at the time of loss.

But coverage under this additional coverage applies only in response to the minimum requirements of the ordinance or law. Losses and costs incurred in complying with recommended actions or standards that exceed actual requirements are not covered under this additional coverage.

- (2) a) The building sustains direct physical damage that is covered under this policy and such damage results in enforcement of the ordinance or law; or

- b) The building sustains both direct physical damage that is covered under this policy and direct physical damage that is not covered under this policy, and the building damage in its entirety results in enforcement of the ordinance or law.

- c) But if the building sustains direct physical damage that is not covered under this policy, and such damage is the subject of the ordinance or law, then there is no coverage under this additional coverage even if the building has also sustained covered direct physical damage.

- (3) In the situation described in b.(2)b) above, we will not pay the full amount of loss otherwise payable under the terms of Paragraph a. of this additional coverage. Instead, we will pay a proportion of such loss;

meaning the proportion that the covered direct physical damage bears to the total direct physical damage.

However, if the covered direct physical damage, alone, would have resulted in enforcement of the ordinance or law, then we will pay the full amount of loss otherwise payable under the terms of Paragraph a. of this additional coverage.

c. Loss Payment

- (1) All following loss payment Provisions, c.(2) through c.(4), are subject to the apportionment procedures set forth in Paragraph b. of this additional coverage.

- (2) When there is a loss in value of an undamaged portion of a building to which Coverage for Loss to the Undamaged Portion of the Building applies, the loss payment for that building, including damaged and undamaged portions, will be determined as follows:

- a) If the Replacement Cost Coverage Option applies and the property is repaired or replaced, on the same or another premises, we will not pay more than the amount you actually spend to repair, rebuild, or reconstruct the building, but not for more than the amount it would cost to restore the building on the same premises and to the same height, floor area, style, and comparable quality of the original property insured.

- b) If the Replacement Cost Coverage Option applies and the property is not repaired or replaced, or if the Replacement Cost Coverage Option does not apply, we will not pay more than the actual cash value of the building at the time of loss.

- (3) Loss payment under Demolition Cost Coverage is the amount you actually spend to demolish and clear the site of the described premises.

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- (4) Loss payment under Increased Cost of Construction Coverage will be determined as follows:
- a) We will not pay under Increased Cost of Construction Coverage:
 - 1) Until the property is actually repaired or replaced, at the same or another premises; and
 - 2) Unless the repairs or replacement are made as soon as reasonably possible after the loss or damage, not to exceed two years. We may extend this period in writing during the two years.
 - b) If the building is repaired or replaced at the same premises, or if you elect to rebuild at another premises, the most we will pay under Increased Cost of Construction is the increased cost of construction at the same premises; or
 - c) If the ordinance or law requires relocation to another premises, the most we will pay under Increased Cost of Construction is the increased cost of construction at the new premises.
 - d. Under this Additional Coverage, we will not pay for:
 - (1) The enforcement of any ordinance or law which requires demolition; repair, replacement, reconstruction, remodeling, or remediation of property due to contamination by "pollutants" or due to the presence, growth, proliferation, spread, or any activity of "fungus," wet or dry rot or bacteria; or
 - (2) Any costs associated with the enforcement of any ordinance or law which requires any insured or others to test for, monitor, clean up, remove, contain, treat, detoxify or neutralize, or in any way respond to, or assess the effects of "pollutants," "fungus," wet or dry rot or bacteria.
 - e. Under this additional coverage, we will not pay for loss due to any ordinance or law that:
 - 1. You were required to comply with before the loss, even if the building was undamaged; and
 - 2. You failed to comply with.

The most we will pay under this Additional Coverage is \$100,000, unless a higher limit is shown on the Declarations Page, for any one occurrence.

H. OPTIONAL COVERAGES

If shown as applicable in the Declarations Page, the following Optional Coverages apply separately to each item.

- 1. Agreed Value.
 - a. The Coinsurance Condition does not apply to Covered Property to which this Optional Coverage applies. We will pay no more for loss of or damage to that property than the proportion that the Limit of Insurance under this Coverage Part for the property bears to the Agreed Value shown for it in the Declarations Page.
 - b. The terms of this Optional Coverage apply only to loss or damage that occurs on or after the effective date of this Optional Coverage.
- 2. Automatic Increase in Insurance.
 - a. The Limit of Insurance for buildings and personal property described in the Declarations Page shall be increased at the same rate as the increase in the published construction cost multipliers on file with the company.
 - b. We will determine the Limit of Insurance as of the time of loss or damage as follows:
 - (1) We will multiply the latest available published construction cost multiplier by the Limit of Insurance shown for the lost or damaged property.

The Limit of Insurance as determined above will not be reduced to less than the limit shown in the Declarations Page.

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If the Limit of Insurance for any building or personal property is changed during the term of this policy, the inception date of this Optional Coverage for that property will be the same as the date of the change.

I. DEFINITIONS

1. "Additional expense" means expense you incur that you would not have incurred if there had been no direct physical loss or damage. When your operations are resumed, we will deduct from the total of such expenses the salvage value that remains of any property bought for temporary use during the "period of restoration."

2. "Additional living expense" means any necessary increase in living expenses you incur for your employees (including your clergy) so they can maintain their normal standard of living.

"Additional living expense" begins with the date the premises are untenable due to covered loss or damage and ends on the date the premises should be repaired or rebuilt with reasonable speed and similar quality.

3. "Fungus" means any type or form of fungus, including mold or mildew, and any mycotoxins, spores, scents or by-products produced or released by fungi.

4. "Operations" means your institutional activities occurring at the described premises and the tenantability of the described premises, if coverage for Institutional Income including "Rental Value" or "Rental Value" applies.

5. a. "Period of Restoration" means the period of time that:

(1) Begins with the date of direct physical loss or damage caused by or resulting from any Covered Cause of Loss at the described premises; and

(2) Ends on the date when the property at the described premises should be repaired, rebuilt, or replaced with reasonable speed and similar quality.

b. "Period of Restoration" does not include any increased period required due to the enforcement of any law that:

(1) Regulates the construction, use or repair, or requires the tearing down of any property; or

(2) Requires any insured or others, to test for, monitor, clean-up, remove, contain, treat, detoxify, or neutralize, or in any way respond to, or assess the effects of "pollutants."

The expiration date of this policy will not cut short the "period of restoration."

6. "Pollutants" means any solid, liquid, gaseous, or thermal irritant or contaminant, including smoke, vapor, soot, fumes, acids, alkalis, chemicals, and waste. Waste includes materials to be recycled, reconditioned, or reclaimed.

7. "Property in the dwelling" means personal property you own located in dwelling quarters maintained by you for use by an employee.

8. "Related private structures" means any structure located on the same premises as the described dwelling and which pertains to the occupancy of the dwelling.

9. "Rental value" means:

a. The actual gross rental income from tenant occupancy of the dwelling as furnished and equipped by you; plus

b. The amount of all charges which were the legal obligations of the tenant and which become your obligation.

"Rental value" coverage begins with the date the premises are untenable due to covered loss or damage and ends on the date the premises should be repaired or rebuilt with reasonable speed and similar quality.

10. "Suspension" means:

a. The slowdown or cessation of your business activities; or

b. That a part or all of the described premises is rendered untenable, if coverage for Business Income including "Rental Value" or "Rental Value" applies.

CAUSES OF LOSS - SPECIAL FORM

Words and phrases that appear in quotation marks have special meaning. Refer to Paragraph H - Definitions.

A. COVERED CAUSES OF LOSS

1. When Special is shown in the Declarations Page, Covered Causes of Loss means Risks of Direct Physical Loss unless the loss is:

- a. Excluded in Paragraph B., Exclusions; or
- b. Limited in Paragraph C., Limitations;

that follow.

B. EXCLUSIONS

1. We will not pay for loss or damage caused directly or indirectly by any of the following. Such loss or damage is excluded regardless of any other cause or event that contributes concurrently or in any sequence to the loss.

- a. Building Ordinance or Law.

The enforcement of any ordinance or law:

- (1) Regulating the construction, use, or repair of any property; or
- (2) Requiring the tearing down of any property, including the cost of removing its debris;

except as provided in the Additional Coverages.

This exclusion, ordinance or law, applies whether the loss results from:

- (1) An ordinance or law that is enforced even if the property has not been damaged; or
- (2) The increased costs incurred to comply with an ordinance or law in the course of construction, repair, renovation, remodeling, or demolition of property, or removal of its debris, following a physical loss to that property.

- b. Earth Movement.

- (1) Earthquake, including any earth sinking, rising, or shifting related to such event;

- (2) Landslide, including any earth sinking, rising, or shifting related to such event;

- (3) Mine subsidence, meaning subsidence of a man-made mine, whether or not mining activity has ceased;

- (4) Earth sinking (other than sinkhole collapse), rising or shifting including soil conditions which cause settling, cracking, or other disarrangement of foundations or other parts of realty. Soil conditions include contraction, expansion, freezing, thawing, erosion, improperly compacted soil and the action of water under the ground surface.

But if Earth Movement, as described in b.(1) through (4) above, results in fire or explosion, we will pay for the loss or damage caused by that fire or explosion.

- (5) Volcanic eruption, explosion, or effusion. But if volcanic eruption, explosion, or effusion results in fire, building glass breakage or volcanic action, we will pay for the loss or damage caused by that fire, building glass breakage or volcanic action.

Volcanic action means direct loss or damage resulting from the eruption of a volcano when the loss or damage is caused by:

- (a) Airborne volcanic blast or airborne shock waves;
- (b) Ash, dust, or particulate matter; or
- (c) Lava flow.

All volcanic eruptions that occur within any 168 hour period will constitute a single occurrence.

Volcanic action does not include the cost to remove ash, dust, or particulate matter that does not cause direct physical loss or damage to the described property.

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c. Governmental Action.

Seizure or destruction of property by order of governmental authority.

But we will pay for loss or damage caused by or resulting from acts of destruction ordered by governmental authority and taken at the time of a fire to prevent its spread if the fire would be covered under this Coverage Part.

d. Nuclear Hazard.

Nuclear reaction or radiation or radioactive contamination, however caused.

But if nuclear reaction or radiation, or radioactive contamination, results in fire, we will pay for the loss or damage caused by that fire.

e. Utility Services.

The failure of power or other utility service supplied to the described premises, however caused, if the failure occurs away from the described premises.

But if the failure of power or other utility service results in a Covered Cause of Loss, we will pay for the loss or damage caused by that covered Cause of Loss.

f. War and Military Action.

(1) War, including undeclared or civil war;

(2) Warlike action by a military force, including action in hindering or defending against an actual or expected attack, by any government, sovereign or other authority using military personnel or other agents; or

(3) Insurrection, rebellion, revolution, usurped power or action taken by governmental authority in hindering or defending against any of these.

g. Water.

(1) Flood, surface water, waves, tides, tidal waves, overflow of any body of water, or their spray, all whether driven by wind or not;

(2) Mudslide or mudflow;

(3) Water which backs up through sewers or drains except as provided under G. Additional Coverage - Back Up Through Sewers and Drains.

(4) Water under the ground surface pressing on or flowing or seeping through:

(a) Foundations, walls, floors, or paved surfaces;

(b) Basements, whether paved or not; or

(c) Doors, windows, or other openings.

But if water, as described in g. (1) through g. (3) above, results in fire, explosion, or sprinkler leakage, we will pay for the loss or damage caused by that fire, explosion, or sprinkler leakage.

h. "Fungus," Wet Rot, Dry Rot and Bacteria.

Presence, growth, proliferation, spread or any activity of "fungus," wet or dry rot or bacteria.

But if "fungus," wet or dry rot or bacteria results in a "specified cause of loss," we will pay for the loss or damage caused by that "specified cause of loss."

This exclusion does not apply:

1. When "fungus," wet or dry rot or bacteria results from fire or lightning; or

2. To the extent that coverage is provided in the Additional Coverage - Limited Coverage For "Fungus," Wet Rot, Dry Rot And Bacteria with respect to loss or damage by a cause of loss other than fire or lightning.

Exclusions B.1.a. through B.1.h. apply whether or not the loss event results in widespread damage or affects a substantial area.

2. We will not pay for loss or damage caused by or resulting from any of the following:

a. Artificially generated electrical current, including electric arcing, that disturbs electrical devices, appliances, or wires.

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But if artificially generated electrical current results in fire, we will pay for the loss or damage caused by that fire.

- b. Delay, loss of use, or loss of market.
- c. Smoke, vapor, or gas from agricultural smudging or industrial operations.
- d. (1) Wear and tear;
- (2) Rust, or other corrosion, decay, deterioration, hidden or latent defect, or any quality in property that causes it to damage or destroy itself;
- (3) Smog;
- (4) Settling, cracking, shrinking, or expansion;
- (5) Nesting or infestation, or discharge or release of waste products or secretions, by insects, birds, rodents, or domestic animals.
- (6) Mechanical breakdown, including rupture or bursting caused by centrifugal force. But if mechanical breakdown results in elevator collision, we will pay for the loss or damage caused by that elevator collision.
- (7) The following causes of loss to personal property:
 - (a) Dampness or dryness of atmosphere;
 - (b) Changes in or extremes of temperature.

But if an excluded cause of loss that is listed in 2. d. (1) through (7) results in a "specified cause of loss" or building glass breakage, we will pay for the loss or damage caused by that "specified cause of loss" or building glass breakage.

- e. Explosion of steam boilers, steam pipes, steam engines, or steam turbines owned or leased by you, or operated under your control. But if explosion of steam boilers, steam pipes, steam engines, or steam turbines results in fire or combustion explosion, we will pay for the loss or damage caused by that fire or combustion explosion. We will also pay for loss or damage caused by or resulting from the

explosion of gases or fuel within the furnace of any fired vessel or within the flues or passages through which the gases of combustion pass.

- f. Continuous or repeated seepage or leakage of water, or the presence or condensation of humidity, moisture, or vapor that occurs over a period of 14 days or more.
- g. Water, other liquids, powder, or molten material that leaks or flows from plumbing, heating, air conditioning or other equipment (except fire protective systems) caused by or resulting from freezing, unless:
 - (1) You do your best to maintain heat in the building or structure; or
 - (2) You drain the equipment and shut off the supply if the heat is not maintained.
- h. Dishonest or criminal act by you, any of your partners, employees (including leased employees), directors, trustees, authorized representatives, or anyone to whom you entrust the property for any purpose:
 - (1) Acting alone or in collusion with others; or
 - (2) Whether or not occurring during the hours of employment.

This exclusion does not apply to acts of destruction by your employees (including leased employees); but theft by employees (including leased employees) is not covered.

- i. Voluntary parting with any property by you or anyone else to whom you have entrusted the property if induced to do so by any fraudulent scheme, trick, device, or false pretense.
- j. Collapse, except as provided below in the Additional Coverage - Collapse. But if collapse results in a Covered Cause of Loss at the described premises, we will pay for the loss or damage caused by that Covered Cause of Loss.
- k. Discharge, dispersal, seepage, migration, release, or escape of "pollutants" unless the discharge, dispersal, seepage,

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migration, release, or escape is itself caused by any of the "specified causes of loss." But if the discharge, dispersal, seepage, migration, release, or escape of "pollutants" results in a "specified cause of loss," we will pay for the loss or damage caused by that "specified cause of loss."

- I. Neglect of an insured to use all reasonable means to save and preserve property from further damage at and after the time of loss.
3. We will not pay for loss or damage caused by or resulting from any of the following 3. a. through 3. c. but if an excluded cause of loss that is listed in 3. a. through 3. c. results in a Covered Cause of Loss, we will pay for the loss or damage caused by that Covered Cause of Loss.

- a. Weather conditions. But this exclusion only applies if weather conditions contribute in any way with a cause or event excluded in Paragraph 1. above to produce the loss or damage.

- b. Acts or decisions, including the failure to act or decide, of any person, group, organization, or governmental body.

- c. Faulty, inadequate, or defective:

- (1) Planning, zoning, development, surveying, siting;

- (2) Design, specifications, workmanship, repair, construction, renovation, remodeling, grading, compaction;

- (3) Materials used in repair, construction, renovation, or remodeling; or

- (4) Maintenance;

of part or all of any property on or off the described premises.

C. LIMITATIONS

The following limitations apply to all policy forms and endorsements, unless otherwise stated.

1. We will not pay for loss of or damage to property, as described and limited to this section. In addition, we will not pay for any loss that is a consequence of loss or damage as described and limited in this section.

- a. Steam boilers, steam pipes, steam engines, or steam turbines caused by or resulting from any condition or event inside such equipment. But we will pay for loss of or damage to such equipment caused by or resulting from an explosion of gases or fuel within the furnace of any fired vessel or within the flues or passages through which the gases of combustion pass.

- b. Hot water boilers or other water heating equipment caused by or resulting from any condition or event inside such boilers or equipment, other than an explosion.

- c. The interior of any building or structure caused by or resulting from rain, snow, sleet, ice, sand, or dust, whether driven by wind or not, unless:

- (1) The building or structure first sustains damage by a Covered Cause of Loss to its roof or walls through which the rain, snow, sleet, ice, sand, or dust enters; or

- (2) The loss or damage is caused by or results from thawing of snow, sleet, or ice on the building or structure.

- d. Building materials and supplies intended for construction, alterations or repairs not attached as part of the building or structure caused by or resulting from theft.

- e. Property that is missing, where the only evidence of the loss or damage is a shortage disclosed on taking inventory, or other instances where there is no physical evidence to show what happened to the property.

- f. Property that has been transferred to a person or to a place outside the described premises on the basis of unauthorized instructions.

- g. Fences, swimming pools, and retaining walls caused by:

- (1) Heaving, bulging, or buckling;

- (2) Freezing or thawing; or

- (3) Pressure of weight of ice or water.

2. We will pay for covered loss or damage to personal property that is a work of art, antique or rare article, including etchings, pictures,

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statuary, marbles, bronzes, porcelains, and bric-a-brac. But, the most we will pay for loss or damage is up to \$5,000 for any one occurrence.

3. We will not pay for loss of or damage to the following types of property unless caused by the "specified causes of loss" or building glass breakage.

a. Valuable papers and records, such as books of account, manuscripts, abstracts, drawings, and card index systems, including those which exist on film, tape, disc, drum, cell or other data processing, recording, or storage media. Valuable papers and records do not include prepackaged software programs.

b. Fragile articles such as glassware, statuary, marbles, chinaware, and porcelains, if broken. This restriction does not apply to photographic or scientific instruments or lenses.

4. We will not pay the cost to repair any defect to a system or appliance from which water, other liquid, powder, or molten material escapes. But we will pay the cost to repair or replace damaged parts of fire extinguishing equipment if the damage:

a. Results in discharge of any substance from an automatic fire protection system; or

b. Is directly caused by freezing.

D. ADDITIONAL COVERAGE - COLLAPSE

The term Covered Cause of Loss includes the Additional Coverage - Collapse as described and limited in D. 1. through D. 5. below.

1. With respect to buildings:

a. Collapse means an abrupt falling down or caving in of a building or any part of a building with the result that the building or part of the building cannot be occupied for its intended purpose;

b. A building or any part of a building that is in danger of falling down or caving in is not considered to be in a state of collapse;

c. A part of a building that is standing is not considered to be in a state of collapse even if it has separated from another part of the building;

d. A building that is standing or any part of a building that is standing is not considered to be in a state of collapse even if it shows evidence of cracking, bulging, sagging, bending, leaning, settling, shrinkage, or expansion.

2. We will pay for direct physical loss or damage to Covered Property, caused by collapse of a building or any part of a building that is insured under this Coverage Form or that contains Covered Property insured under this Coverage Form, if the collapse is caused by one or more of the following:

a. The "specified causes of loss" or breakage of building glass, all only as insured against in this Coverage Part;

b. Decay that is hidden from view, unless the presence of such decay is known to an insured prior to collapse;

c. Insect or vermin damage that is hidden from view, unless the presence of such damage is known to an insured prior to collapse;

d. Weight of people or personal property;

e. Weight of rain that collects on a roof;

f. Use of defective material or methods in construction, remodeling, or renovation if the collapse occurs during the course of the construction, remodeling, or renovation. However, if the collapse occurs after construction, remodeling or renovation is complete and is caused in part by a cause of loss listed in a. through e.; we will pay for the loss or damage even if use of defective material or methods, in construction, remodeling, or renovation, contributes to the collapse.

The criteria set forth in 1.a. through 1.d. do not limit the coverage otherwise provided under this Causes of Loss Form to the causes of loss listed in 2a., 2.d., and 2.e.

3. With respect to the following property:

a. Outdoor radio or television antennas (including satellite dishes) and their lead-in wiring, masts, or towers;

b. Awnings, gutters, and downspouts;

c. Yard fixtures;

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- d. Outdoor swimming pools;
- e. Fences;
- f. Piers, wharves, and docks;
- g. Beach or diving platforms or appurtenances;
- h. Retaining walls; and
- i. Walks, roadways, and other paved surfaces;

if the collapse is caused by a cause of loss listed in b. through f., we will pay for loss or damage to that property only if:

- a. Such loss or damage is a direct result of the collapse of a building insured under this Coverage Form; and
 - b. The property is Covered Property under this Coverage Form.
4. If personal property abruptly falls down or caves in and such collapse is not the result of collapse of a building, we will pay for loss or damage to Covered Property caused by such collapse of personal property only if:
- a. The collapse was caused by a Cause of Loss listed in 2.a. through 2.f. above;
 - b. The personal property which collapses is inside a building; and
 - c. The property which collapses is not a kind listed in 3. above, regardless of whether that kind of property is considered to be personal property or real property.

The coverage stated in this Paragraph 4. does not apply to personal property if marring and/or scratching is the only damage to that personal property caused by the collapse.

Collapse of personal property does not mean cracking, bulging, sagging, bending, leaning, settling, shrinkage, or expansion.

5. This additional coverage, collapse, will not increase the Limits of Insurance provided in this Coverage Part.

E. ADDITIONAL COVERAGE - LIMITED COVERAGE FOR "FUNGUS," WET ROT, DRY ROT AND BACTERIA

1. The coverage described in E.2., E.6., and E.7. only applies when the "fungus," wet or dry rot or bacteria is the result of one or more of the following causes that occurs during the policy period and only if all reasonable means were used to save and preserve the property from further damage at the time of and after that occurrence.

- a. A "specified cause of loss" other than fire or lightning.

2. We will pay for loss or damage by "fungus," wet or dry rot or bacteria. As used in this Limited Coverage, the term loss or damage means:

- a. Direct physical loss or damage to Covered Property caused by "fungus," wet or dry rot or bacteria;
- b. The cost to tear out and replace any part of the building or other property as needed to gain access to the "fungus," wet or dry rot or bacteria; and
- c. The cost of testing performed after removal, repair, replacement, or restoration of the damaged property is completed, provided there is a reason to believe that "fungus," wet or dry rot or bacteria are present.

3. The coverage described under E.2. of this Limited Coverage is limited to \$50,000 on an annual aggregate basis. Regardless of the number of claims, this limit is the most we will pay for the total of all loss or damage arising out of all occurrences of "specified causes of loss" (other than fire or lightning). With respect to a particular occurrence of loss which results in "fungus," wet or dry rot or bacteria, we will not pay more than a total of \$50,000 even if the "fungus," wet or dry rot or bacteria continues to be present or active, or recurs, in a later policy period.

4. The coverage provided under this Limited Coverage does not increase the applicable Limit of Insurance on any Covered Property. If a particular occurrence results in loss or damage by "fungus," wet or dry rot or bacteria, and other loss or damage, we will not pay more, for the total of all loss or damage, than the applicable Limit of Insurance on the affected Covered Property.

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If there is covered loss or damage to Covered Property, not caused by "fungus," wet or dry rot or bacteria, loss payment will not be limited by the terms of this Limited Coverage, except to the extent that "fungus," wet or dry rot or bacteria causes an increase in the loss. Any such increase in the loss will be subject to the terms of this Limited Coverage.

5. The terms of this Limited Coverage do not increase or reduce the coverage provided under Paragraph F.1. (Additional Coverage Extension - Water Damage) of this Causes of Loss Form or under Paragraph D. Additional Coverage - Collapse.

6. The following, 6.a. or 6.b., applies only if Business Income and/or Extra Expense coverage applies to the described premises and only if the "suspension" of "operations" satisfies all terms and conditions of the applicable Business Income and/or Extra Expense coverage form.

a. If the loss which resulted in "fungus," wet or dry rot or bacteria does not in itself necessitate a "suspension" of "operations," but such "suspension" is necessary due to loss or damage to property caused by "fungus," wet or dry rot or bacteria, then our payment under Business Income and/or Extra Expense is limited to the amount of loss and/or expense sustained in a period of not more than 30 days but not to exceed the Limit of Insurance shown in the Declarations Page. The days need not be consecutive.

b. If a covered "suspension" of "operations" was caused by loss or damage other than "fungus," wet or dry rot or bacteria but remediation of "fungus," wet or dry rot or bacteria prolongs the "period of restoration," we will pay for loss and/or expense sustained during the delay (regardless of when such a delay occurs during the "period of restoration"), but such coverage is limited to 30 days but not to exceed the Limit of Insurance shown in the Declarations Page. The days need not be consecutive.

7. The following 7.a. or 7.b., applies only if Institutional Income and/or Extra Expense in ADDITIONAL COVERAGES in the Building and Personal Property Coverage Form, applies to the described premises and only if

the interruption of "operations" satisfies all terms and conditions of the applicable Institutional Income and/or Extra Expense Additional Coverage.

a. If the loss which resulted in "fungus," wet or dry rot or bacteria does not in itself necessitate an interruption of "operations," but such interruption is necessary due to loss or damage to property caused by "fungus," wet or dry rot or bacteria, then our payment under Institutional Income and/or Extra Expense is limited to the amount of loss and/or expense sustained in a period of not more than 30 days but not to exceed the Limit of Insurance shown in the Declarations Page. The days need not be consecutive.

b. If a covered interruption of "operations" was caused by loss or damage other than "fungus," wet or dry rot or bacteria but remediation of "fungus," wet or dry rot or bacteria prolongs the "period of restoration," we will pay for loss and/or expense sustained during the delay (regardless of when such a delay occurs during the "period of restoration"), but such coverage is limited to 30 days but not to exceed the Limit of Insurance shown in the Declarations Page. The days need not be consecutive.

F. ADDITIONAL COVERAGE EXTENSION - WATER DAMAGE

1. Water Damage. If covered loss or damage, caused by or resulting from water or other liquid, or powder, or molten material occurs, we will also pay the cost to tear out and replace any part of the building or structure to replace damage to the system or appliance from which the water or other substance escapes.

This Additional Coverage will not increase the Limits of Insurance provided in this Coverage Part.

G. ADDITIONAL COVERAGE - BACK UP THROUGH SEWERS AND DRAINS

Subject to all other terms and conditions of this policy, we will pay for direct physical loss or damage to Covered Property caused by back up of water or sewage through sewers or drains only if caused by an event away from the described buildings and when the damage is not caused by flood, surface water, waves, tides, tidal waves, overflow of any body of water, or their spray, all

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whether driven by wind or not, and which did not enter the building through foundations, walls, floors, windows, cracks, roofs, or through other openings of the building.

Sewer or water damage occurring as a result of, either before or after, the excluded flood, surface water, waves, tides, tidal waves, overflow of any body of water, or their spray, all whether driven by wind or not, and entering the building through foundations, walls, floors, windows, cracks, roofs, or through other openings of the building is not covered.

This ADDITIONAL COVERAGE - BACK UP THROUGH SEWERS OR DRAINS will not increase the Limits of Insurance provided in this Coverage Part.

H. DEFINITIONS

1. "Fungus" means any type or form of fungus, including mold or mildew, and any mycotoxins, spores, scents or by-products produced or released by fungi.
2. "Pollutants" means any solid, liquid, gaseous or thermal irritant or contaminant, including smoke, vapor, soot, fumes, acids, alkalis, chemicals, and waste. Waste includes,

materials to be recycled, reconditioned, or reclaimed.

3. "Sinkhole collapse" means the sudden sinking or collapse of land into underground empty spaces created by the action of water on limestone or dolomite. This Cause of Loss does not include:
 - a. The cost of filling sinkholes; or
 - b. The sinking or collapse of land into man-made underground cavities.
4. "Specified Causes of Loss" means the following: Fire; lightning; explosion; windstorm or hail; smoke; aircraft or vehicles; riot or civil commotion; vandalism; leakage from fire extinguishing equipment; damage by burglars; sonic boom; sinkhole collapse; volcanic action; falling objects; weight of snow, ice, or sleet; water damage.
5. "Water damage" means accidental discharge or leakage of water or other liquid, powder, or molten material as the direct result of the breaking apart or cracking of any part of a system or appliance containing water or other liquid, powder, or molten material.

SYSTEMS/EQUIPMENT BREAKDOWN COVERAGE FORM

This endorsement modifies insurance provided under the Property Coverage Part and the Inland Marine Coverage Part.

The following is added to the Causes of Loss - Basic Form, Causes of Loss - Broad Form, and Causes of Loss - Special Form, and Inland Marine Builders' Risk Coverage Form. This coverage is subject to the terms and conditions of this form and the terms and conditions of the policy to which it is attached.

A. ADDITIONAL COVERED CAUSES OF LOSS

1. When the SYSTEMS/EQUIPMENT BREAKDOWN COVERAGE form is shown in the Declarations Page, Covered Causes of Loss include:

- a. Mechanical breakdown, including rupture or bursting caused by centrifugal force;
 - b. Artificially generated electric current, including electric arcing, that disturbs electrical devices, appliances, or wires;
 - c. Explosion of steam boilers, steam pipes, steam engines, steam turbines, owned or leased by you or operated under your control; and
 - d. Loss or damage to steam boilers, steam pipes, steam engines, or steam turbines caused by or resulting from any condition or event inside such equipment.
 - e. Loss or damage to hot water boilers or other water heating equipment caused by or resulting from any condition or event inside such boilers or equipment, other than an explosion.
- 2. The coverage provided by this form includes equipment that is owned by you, a utility, or others that is:**
- a. Within 500 feet of the premises described in the Declarations Page; or
 - b. More than 500 feet from the premises described in the Declarations Page but is used to solely supply these premises.

We will pay for losses or damages covered by this policy that are the direct result of damage to this equipment from a covered cause of loss provided by this form in Section A.1. above.

3. The following Exclusions and Limitations do not apply to the coverage provided by this form:

- a. CAUSES OF LOSS - BASIC FORM, A 125, if applicable, Exclusions B.2.a., B.2.d., and B.2.e.

- b. CAUSES OF LOSS - BROAD FORM, A 126, if applicable, Exclusions B.2.a., B.2.b., and B.2.c.

- c. CAUSES OF LOSS - SPECIAL FORM, A 127, if applicable, Exclusions B.2.a., B.2.d.(6), and B.2.e., and Limitations C.1.a. and C.1.b.

- d. INLAND MARINE BUILDERS' RISK COVERAGE FORM, A 403, if applicable, Exclusions E.2.a., E.2.d.(6), and E.2.e., and Limitations F.1.a. and F.1.b.

B. ADDITIONAL EXCLUSIONS

The following additional exclusions apply to the coverage provided by this form.

- 1. We will not pay for loss or damage caused directly or indirectly by any of the following. Such loss or damage is excluded regardless of any other cause or event that contributes concurrently or in any sequence to the loss:**

- a. Frost, freezing, or other effects of cold weather;
- b. Ice, snow, sleet, or hail, whether driven by wind or not;
- c. Wind; or
- d. Water or liquid damage, except if a covered cause of loss provided by this form in Section A.1. above results from a flood, we will pay for the resulting loss.

- 2. We will not pay for any loss or damage caused by or resulting from:**

- a. Depletion, deterioration, corrosion, or erosion; or
- b. Wear and tear;

unless a covered cause of loss provided by this form in Section A.1. results. In that event, we will pay for loss or damage to your Covered Property which is the direct result of this covered cause of loss.

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3. We will not pay for loss or damage to the following items of property:

- a. Buildings, structures, or inflatable structures;
- b. Retaining walls, bulkheads, piers, wharves, docks, structures located on or partially over water;
- c. Pavements, foundations, walls, floors, roofs, ceilings, glass, cabinets, compartments, or similar items;
- d. Vehicles, self-propelled equipment, aircraft, or watercraft;
- e. Any machine or apparatus used for research, diagnosis, medication, surgical, therapeutic, dental, or pathological purposes;

unless this property is damaged as the direct result of a covered cause of loss provided by this form in Section A.1. to property built to operate under vacuum or pressure, other than weight of contents, or used for the generation, transmission, or utilization of energy.

4. We will not pay for loss or damage to buried vessels, pipes, flues, or drains.

C. ADDITIONAL COVERAGE EXTENSION

The following extensions apply to the coverage provided by this form.

1. Expediting Expenses.

With respect to Covered Property damaged by a covered cause of loss provided by this form in Section A.1., we will pay the reasonable extra cost to make temporary repairs, expedite permanent repairs, and expedite permanent replacement.

2. Hazardous Substances

We will pay for the additional cost to repair or replace Covered Property because of contamination by a "hazardous substance." This includes the additional expenses to clean up or dispose of such property.

"Hazardous substance" means any substance other than ammonia that has been declared to be hazardous to health by a governmental agency.

Additional costs mean those beyond what would

have been required had no "hazardous substance" been involved.

The most we will pay for loss or damage under this coverage, including actual loss of Business Income you sustain, necessary Extra Expense you incur, and loss under Spoilage coverage, is \$100,000.

3. Spoilage.

- a. Your loss to perishable goods due to spoilage resulting from lack of power light, heat, steam, or refrigeration from a covered cause of loss provided by this form in Section A.1.
- b. Expense to reduce such loss. This expense is limited to the smaller of amount expended to reduce spoilage loss or the spoilage loss that would result if no expenditure had been made to reduce spoilage loss.

D. ADDITIONAL CONDITIONS

The following conditions apply to the coverage provided by this form:

1. Suspension.

Upon our discovery of a dangerous condition with respect to any item of property built to operate under vacuum or pressure, other than weight of contents, or used for the generation, transmission, or utilization of energy, any of our representatives may immediately suspend the coverage provided by this form for that item of property. This can be done by delivering or mailing a written notice of suspension to you, at your address shown in this policy, or at the location of the property.

Once we have suspended your coverage in this manner, your insurance can be reinstated only by an endorsement.

If we suspend your insurance, you will get a pro rata refund of premium, but the suspension will be effective even if we have not yet made or offered a refund.

2. Jurisdictional Inspections.

If any property that is covered equipment under this endorsement requires inspection to comply with state or municipal boiler and pressure vessel regulations, we agree to perform such inspection on your behalf.

GENERAL LIABILITY COVERAGE PART TABLE OF CONTENTS

Some of the Coverage Forms listed in this table of contents may not apply to your policy. Refer to the Declarations Page to determine which Coverage Forms apply.

General Liability Coverage Form - Form No. A 200

	<u>Page No.</u>		<u>Page No.</u>
Bodily Injury and Property Damage Liability Coverage	1	Medical Expense Coverage	7
Personal and Advertising Injury Liability Coverage	5	Supplementary Payments	7
Sexual Misconduct or Sexual Molestation Liability Coverage	6	Who Is An Insured	7
		Limits of Insurance	8
		General Liability Conditions	9
		Definitions	11

Religious Institutions General Liability Additional Provisions Form - Form No. A 202

	<u>Page No.</u>		<u>Page No.</u>
Medical Expense Coverage	1	Who Is An Insured	3
Supplementary Payments	2		

Denominational Offices General Liability Additional Provisions Form - Form No. A 203

	<u>Page No.</u>		<u>Page No.</u>
Medical Expense Coverage	1	Who Is An Insured	3
Supplementary Payments	2		

Health Care Facility General Liability Additional Provisions Form - Form No. A 204

	<u>Page No.</u>		<u>Page No.</u>
Medical Expense Coverage	1	Who Is An Insured	3
Supplementary Payments	2		

THIS ENDORSEMENT IS ADDED TO THE POLICY. PLEASE READ IT CAREFULLY.**NUCLEAR ENERGY LIABILITY EXCLUSION - BROAD FORM**

The following is added to this policy.

A. EXCLUSION

1. This insurance does not apply:

a. Under any liability coverage to "bodily injury" or "property damage":

(1) With respect to which an insured under the policy is also an insured under a nuclear energy liability policy issued by Nuclear Energy Liability Insurance Association, Mutual Atomic Energy Liability Underwriters, Nuclear Insurance Association of Canada or any of their successors, or would be an insured under any such policy but for its termination upon exhaustion of its limit of liability; or

(2) Resulting from the "hazardous properties" of "nuclear material" and with respect to which (a) any person or organization is required to maintain financial protection pursuant to the Atomic Energy Act of 1954, or any law amendatory thereof, or (b) the insured is, or had this policy not been issued would be, entitled to indemnity from the United States of America, or any agency thereof, under any agreement entered into by the United States of America, or any agency thereof, with any person or organization.

b. Under any medical payments coverage to expenses incurred with respect to "bodily injury" resulting from the "hazardous properties" of "nuclear material" and arising out of the operation of a "nuclear facility" by any person or organization.

c. Under any liability coverage to "bodily injury" or "property damage" resulting from the "hazardous properties" of "nuclear material" if:

(1) The "nuclear material" (a) is at any nuclear facility owned by, or operated by or on behalf of, an insured or (b) has been discharged or dispersed therefrom;

(2) The "nuclear material" is contained in "spent fuel" or "waste" at any time possessed, handled, used, processed, stored, transported or disposed of by or on behalf of an insured; or

(3) The "bodily injury" or "property damage" arises out of the furnishing by an insured of services, materials, parts or equipment in connection with the planning, construction, maintenance, operation or use of any nuclear facility, but if such facility is located within the United States of America, its territories or possessions or Canada, this exclusion (3) applies only to "property damage" to such nuclear facility and any property thereat.

2. As used in this endorsement:

"Hazardous properties" include radioactive, toxic or explosive properties;

"Nuclear material" means "source material", "special nuclear material" or "by-product material";

"Source material", "special nuclear material" and "by-product material" have the meanings given them in the Atomic Energy Act of 1954 or in any law amendatory thereof;

"Spent fuel" means any fuel element or fuel component, solid or liquid, which has been used or exposed to radiation in a nuclear reactor

"Waste" means any waste material (a) containing by-products material other than the tailings or wastes produced by the extraction or concentration of uranium or thorium from any ore processed primarily from its "source material" contents, and (b) resulting from the operation by any person or organization of any "nuclear facility" included under the first two paragraphs of the definition of "nuclear facility".

"Nuclear facility" means:

a. Any nuclear reactor;

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- b. Any equipment or device designed or used for (1) separating the isotopes of uranium or plutonium, (2) processing or utilizing spent fuel; or (3) handling, processing or packaging waste;
- c. Any equipment or device used for the processing, fabricating or alloying of "special nuclear material" if at any time the total amount of such material in the custody of the "insured" at the premises where such equipment or device is located consists of or contains more than 25 grams of plutonium or uranium 233 or any combination thereof, or more than 250 grams of uranium 235;
- d. Any structure, basin, excavation, premises

or place prepared or used for the storage or disposal of waste;

and includes the site on which any of the foregoing is located, all operations conducted on such site and all premises used for such operations;

"Nuclear reactor" means any apparatus designed or used to sustain nuclear fission in a self-supporting chain reaction or to contain a critical mass of fissionable material;

"Property damage" includes all forms of radioactive contamination of property.

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GENERAL LIABILITY COVERAGE FORM

Various provisions in this policy restrict coverage. Read the entire policy carefully to determine rights, duties, and what is and is not covered.

Throughout this Policy, the words "you" and "your" refer to the Named insured shown in the Declarations Page. The words "we," "us," and "our" refer to Church Mutual Insurance Company.

The word "insured" means any person or organization qualifying as an insured. **Refer to Paragraph E - Who Is An Insured.**

Other words and phrases that appear in quotation marks have special meaning. **Refer to Paragraph H - Definitions.**

A. BODILY INJURY AND PROPERTY DAMAGE LIABILITY COVERAGE**1. Insuring Agreement.**

- a. We will pay those sums that the insured becomes legally obligated to pay as damages because of "bodily injury" or "property damage" to which this insurance applies. We will have the right and duty to defend the insured against any "suit" seeking those damages. However, we will have no duty to defend the insured against any "suit" seeking damages for "bodily injury" or "property damage" to which this insurance does not apply. We may, at our discretion, investigate any "occurrence" and settle any claim or "suit" that may result. But:

- (1) The amount we will pay for damages is limited. **Refer to Paragraph F - Limits of Insurance;** and
- (2) Our right and duty to defend end when we have used up the applicable Limit of Insurance in the payment of judgments or settlements under Personal and Advertising Injury Liability Coverage, Bodily Injury and Property Damage Liability Coverage or under Medical Expense Coverage.

No other obligation or liability to pay sums or perform acts or services is covered unless explicitly provided for under Supplementary Payments.

- b. This insurance applies to "bodily injury" and "property damage" only if:

- (1) The "bodily injury" or "property damage" is caused by an "occurrence" that takes place in the "coverage territory"; and

- (2) The "bodily injury" or "property damage" occurs during the policy period.

- c. Damages because of "bodily injury" include damages by any person or organization for care, loss of services, or death resulting at any time from the "bodily injury."

2. Exclusions.

This insurance does not apply to:

- a. "Bodily injury" or "property damage" expected or intended from the standpoint of the insured. This Exclusion does not apply to "bodily injury" resulting from the use of reasonable force to protect persons or property.
- b. "Bodily injury" or "property damage" for which the insured is obligated to pay damages by reason of the assumption of liability in a contract or agreement. This Exclusion does not apply to liability for damages:
 - (1) That the insured would have in the absence of the contract or agreement.
 - (2) Assumed in a contract or agreement that is an "insured contract," provided the "bodily injury" or "property damage" occurs subsequent to the execution of the contract or agreement. Solely for the purposes of liability assumed in an "insured contract," reasonable attorney fees and necessary litigation expenses incurred by or for a party other than an insured are deemed to be damages because of "bodily injury" or "property damage" provided:

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- (a) liability to such party for, or for the cost of, that party's defense has also been assumed in the same "insured contract"; and
 - (b) such attorney fees and litigation expenses are for defense of that party against a civil or alternative dispute resolution proceeding in which damages to which this insurance applies are alleged.
- c. "Bodily injury" or "property damage" for which any insured may be held liable by reason of:
- (1) Causing or contributing to the intoxication of any person;
 - (2) The furnishing of alcoholic beverages to a person under the legal drinking age or under the influence of alcohol; or
 - (3) Any statute, ordinance, or regulation relating to the sale, gift, distribution, or use of alcoholic beverages.
- This Exclusion applies only if you are in the business of manufacturing, distributing, selling, serving, or furnishing alcoholic beverages.
- d. Any obligation of the insured under a workers compensation, disability benefits or unemployment compensation law or any similar law.

e. "Bodily injury" to:

- (1) An "employee" of the insured arising out of and in the course of:
 - (a) Employment by the insured; or
 - (b) Performing duties related to the conduct of the insured's business; or
- (2) The spouse, child, parent, brother, or sister of that "employee" as a consequence of paragraph (1) above.

This Exclusion applies:

- (1) Whether the insured may be liable as an employer or in any other capacity; and

- (2) To any obligation to share damages with or repay someone else who must pay damages because of the injury.

This Exclusion does not apply to liability assumed by the insured under an "insured contract."

f. "Bodily injury" or "property damage" that arises out of any:

- (1) Refusal to employ;
- (2) Termination of employment;
- (3) Coercion, demotion, evaluation, reassignment, discipline, defamation, harassment, humiliation, discrimination, sexual misconduct, or other employment-related practices, policies, acts, or omissions; or
- (4) Consequential "bodily injury" as a result of f.(1), f.(2), or f.(3) above.

This exclusion applies whether the insured is liable either as an employer or in any other capacity; or there is an obligation to fully or partially reimburse a third party for damages arising out of paragraph f.(1), f.(2), f.(3), or f.(4) above.

- g. (1) "Bodily injury" or "property damage" arising out of the actual, alleged or threatened discharge, dispersal, seepage, migration, release, or escape of pollutants:
- (a) At or from any premises, site, or location which is or was at any time owned or occupied by, or rented or loaned to, any insured;
 - (b) At or from any premises, site, or location which is or was at any time used by or for any insured or others for the handling, storage, disposal, processing, or treatment of waste;
 - (c) Which are or were at any time transported, handled, stored, treated, disposed of, or processed as waste by or for any insured or any person or organization for whom you may be legally responsible; or
 - (d) At or from any premises, site or location on which any insured or

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any contractors or subcontractors working directly or indirectly on any insured's behalf are performing operations:

- 1) If the pollutants are brought on or to the premises, site or location in connection with such operations by such insured, contractor or subcontractor; or
- 2) If the operations are to test for, monitor, clean up, remove, contain, treat, detoxify, or neutralize, or in any way respond to, or assess the effects of pollutants.

Subparagraph (d) 1) does not apply to "bodily injury" or "property damage" arising out of the escape of fuels, lubricants, or other operating fluids which are needed to perform the normal electrical, hydraulic, or mechanical functions necessary for the operation of "mobile equipment" or its parts, if such fuels, lubricants, or other operating fluids escape from a vehicle part designed to hold, store, or receive them. This exception does not apply if the fuels, lubricants, or other operating fluids are intentionally discharged, dispersed or released, or if such fuels, lubricants, or other operating fluids are brought on or to the premises, site, or location with the intent to be discharged, dispersed, or released as part of the operations being performed by such insured, contractor, or subcontractor.

Subparagraphs (a) and (d) 1) do not apply to "bodily injury" or "property damage" arising out of heat, smoke, or fumes from a hostile fire.

As used in this Exclusion, a hostile fire means one which becomes uncontrollable or breaks out from where it was intended to be.

- (2) Any loss, cost, or expense arising out of any:
 - (a) Request, demand, or order that any insured or others test for, monitor, clean up, remove, contain, treat, detoxify, or neutralize, or in any way respond

to, or assess the effects of pollutants; or

- (b) Claim or "suit" by or on behalf of a governmental authority for damages because of testing for, monitoring, cleaning up, removing, containing, treating, detoxifying, or neutralizing, or in any way responding to, or assessing the effects of pollutants.

Pollutants means any solid, liquid, gaseous or thermal irritant or contaminant, including smoke, vapor, soot, fumes, acids, alkalis, chemicals, and waste. Waste includes materials to be recycled, reconditioned, or reclaimed.

- h. "Bodily injury" or "property damage" arising out of the ownership, maintenance, use or entrustment to others of any aircraft, "auto," or watercraft owned or operated by or rented or loaned to any insured. Use includes operation and "loading or unloading."

This Exclusion does not apply to:

- (1) A watercraft while ashore on premises you own or rent;
- (2) A watercraft you do not own that is:
 - (a) Less than 26 feet long; and
 - (b) Not being used to carry persons or property for a charge.
- (3) Parking an "auto" on, or on the ways next to, premises you own or rent, provided the "auto" is not owned by or rented or loaned to you or the insured;
- (4) Liability assumed under any "insured contract" for the ownership, maintenance, or use of aircraft or watercraft; or
- (5) "Bodily injury" or "property damage" arising out of the operation of any of the equipment listed in Paragraph f.(2) or f.(3) of the definition of "mobile equipment." (Refer to Paragraph H - Definitions)

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- i. "Bodily injury" or "property damage" arising out of:

- (1) The transportation of "mobile equipment" by an "auto" owned or operated by or rented or loaned to any insured; or
- (2) The use of "mobile equipment" in, or while in practice for, or while being prepared for, any prearranged racing, speed, demolition, or stunting activity.

- j. "Bodily injury" or "property damage" due to war, whether or not declared, or any act or condition incident to war. War includes civil war, insurrection, rebellion, or revolution. This Exclusion applies only to liability assumed under a contract or agreement.

- k. "Property damage" to:

- (1) Property you own, rent, or occupy;
- (2) Premises you sell, give away, or abandon, if the "property damage" arises out of any part of those premises;
- (3) Property loaned to you;
- (4) Personal property in the care, custody, or control of the insured;
- (5) That particular part of real property on which you or any contractors or subcontractors working directly or indirectly on your behalf are performing operations if the "property damage" arises out of those operations; or
- (6) That particular part of any property that must be restored, repaired, or replaced because "your work" was incorrectly performed on it.

Paragraph (2) of this Exclusion does not apply if the premises are "your work" and were never occupied, rented, or held for rental by you.

Paragraphs (3), (4), (5) and (6) of this Exclusion do not apply to liability assumed under a sidetrack agreement.

Paragraph (6) of this Exclusion does not apply to "property damage" included in the "products-completed operations hazard."

- l. "Property damage" to "your product" arising out of it or any part of it.

- m. "Property damage" to "your work" arising out of it or any part of it and included in the "products-completed operations hazard."

This Exclusion does not apply if the damaged work or the work out of which the damage arises was performed on your behalf by a subcontractor.

- n. "Property damage" to "impaired property" or property that has not been physically injured, arising out of:

- (1) A defect, deficiency, inadequacy, or dangerous condition in "your product" or "your work"; or
- (2) A delay or failure by you or anyone acting on your behalf to perform a contract or agreement in accordance with its terms.

This Exclusion does not apply to the loss of use of other property arising out of sudden and accidental physical injury to "your product" or "your work" after it has been put to its intended use.

- o. Damages claimed for any loss, cost, or expense incurred by you or others for the loss of use, withdrawal, recall, inspection, repair, replacement, adjustment, removal, or disposal of:

- (1) "Your product";
- (2) "Your work"; or
- (3) "Impaired property";

if such product, work or property is withdrawn or recalled from the market or from use by any person or organization because of a known or suspected defect, deficiency, inadequacy, or dangerous condition in it.

- p. "Bodily injury" or "property damage" arising out of any actual or alleged act of "sexual misconduct or sexual molestation." This includes, but is not limited to any claim or suit seeking

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damages based upon, arising out of, or attributable to vicarious liability; negligence in hiring, employment, supervision, retention, or transfer of any employee or volunteer workers; recommendation or referral of any person for employment or volunteer work; failure to protect or negligent supervision of any person (whether an adult or child) failure to warn, failure to investigate, or failure to comply with any obligation to report; and counseling.

- q. "Bodily injury" or "property damage" arising out of any "counseling incident."
- r. "Bodily injury" or "property damage" arising out of the willful violation of a penal statute or ordinance committed by or with the knowledge or consent of any insured.

Exclusions c. through o. do not apply to damage to premises rented to you or premises you occupy that you do not own. A separate Limit of Insurance applies to this coverage. Refer to Paragraph F - Limits of Insurance.

B. PERSONAL AND ADVERTISING INJURY LIABILITY COVERAGE

1. Insuring Agreement.

- a. We will pay those sums that the insured becomes legally obligated to pay as damages because of "personal injury" or "advertising injury" to which this insurance applies. We will have the right and duty to defend the insured against any "suit" seeking those damages. However, we will have no duty to defend the insured against any "suit" seeking damages for "personal injury" or "advertising injury" to which this insurance does not apply. We may, at our discretion, investigate any "occurrence" or offense and settle any claim or "suit" that may result. But:

- (1) The amount we will pay for damages is limited. Refer to Paragraph F - Limits of Insurance; and
- (2) Our right and duty to defend end when we have used up the applicable Limit of Insurance in the payment of judgments or settlements under Personal and Advertising Injury Liability Coverage, Bodily Injury and Property Damage Liability Coverage or under Medical Expense Coverage.

No other obligation or liability to pay sums or perform acts or services is covered unless explicitly provided for under Supplementary Payments.

b. This insurance applies to:

- (1) "Personal injury" only if caused by an offense arising out of the conduct of your business, excluding advertising, publishing, broadcasting, or telecasting done by or for you except publishing, broadcasting, or telecasting that is incidental to your business;
- (2) "Advertising injury" only if caused by an offense committed in the course of advertising your goods, products, or services;

but only if the offense was committed in the "coverage territory" during the policy period.

2. Exclusions.

This insurance does not apply to:

a. "Personal injury" or "advertising injury":

- (1) Arising out of oral or written publication of material, if done by or at the direction of the insured with knowledge of its falsity;
- (2) Arising out of oral or written publication of material whose first publication took place before the beginning of the policy period;
- (3) Arising out of the willful violation of a penal statute or ordinance committed by or with the consent of the insured;
- (4) For which the insured is obligated to pay damages by reason of the assumption of liability in a contract or agreement. This Exclusion does not apply to liability for damages:
 - (a) Assumed in a contract or agreement that is an "insured contract" provided the "personal injury" or "advertising injury" occurs subsequent to the execution of the contract or agreement; or

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(b) That the insured would have in the absence of the contract or agreement.

(5) Arising out of any actual or alleged act of "sexual misconduct or sexual molestation." This includes, but is not limited to any claim or suit seeking damages based upon, arising out of, or attributable to vicarious liability; negligence in hiring, employment, supervision, retention, or transfer of any employee or volunteer workers; recommendation or referral of any person for employment or volunteer work; failure to protect or negligent supervision of any person (whether an adult or child) failure to warn, failure to investigate, or failure to comply with any obligation to report; and counseling.

(6) Arising out of any "counseling incident."

b. (1) "Personal injury" or "advertising injury" which would not have occurred in whole or part but for the actual, alleged, or threatened discharge, dispersal, seepage, migration, release, or escape of pollutants at any time.

(2) Any loss, cost, or expense arising out of any:

(a) Request, demand, or order that any insured or others test for, monitor, clean up, remove, contain, treat, detoxify, or neutralize, or in any way respond to, or assess the effects of pollutants; or

(b) Claim or suit by or on behalf of a governmental authority for damages because of testing for, monitoring, cleaning up, removing, containing, treating, detoxifying, or neutralizing, or in any way responding to, or assessing the effects of pollutants.

Pollutants means any solid, liquid, gaseous, or thermal irritant or contaminant including smoke, vapor, soot, fumes, acid, alkalis,

chemicals, and waste. Waste includes material to be recycled, reconditioned, or reclaimed.

c. "Personal injury" to:

(1) An employee of the insured if it occurs in the course of employment by the insured; or

(2) Consequential injury to a spouse, child, parent, brother, or sister of such injured employee.

This exclusion applies where the insured is liable either as an employer or in any other capacity; or there is an obligation to fully or partially reimburse a third party for damages arising out of paragraph c.(1) or c.(2) above.

This exclusion does not apply to liability assumed by the insured under a contract covered under Contractual Liability Coverage.

d. "Personal injury" if benefits are provided or are required to be provided by the insured under a workers' compensation, disability benefits, occupational disease, unemployment compensation, or like law.

e. "Personal injury" that arises out of any:

(1) Refusal to employ;

(2) Termination of employment;

(3) Coercion, demotion, evaluation, reassignment, discipline, defamation, harassment, humiliation, discrimination, sexual misconduct, or other employment-related practices, policies, acts, or omissions; or

(4) Consequential "personal injury" as a result of e.(1), e.(2), or e.(3) above.

This exclusion applies where the insured is liable either as an employer or in any other capacity; or there is an obligation to fully or partially reimburse a third party for damages arising out of paragraph e.(1), e.(2), e.(3), or e.(4) above.

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f. "Advertising injury" arising out of:

- (1) Breach of contract, other than misappropriation of advertising ideas under an implied contract;
- (2) The failure of goods, products or services to conform with advertised quality or performance;
- (3) The wrong description of the price of goods, products, or services; or
- (4) An offense committed by an insured whose business is advertising, broadcasting, publishing, or telecasting.

C. MEDICAL EXPENSE COVERAGE

See the applicable General Liability Additional Provisions Form.

D. SUPPLEMENTARY PAYMENTS

See the applicable General Liability Additional Provisions Form.

E. WHO IS AN INSURED

See the applicable General Liability Additional Provisions Form.

F. LIMITS OF INSURANCE

1. The Limits of Insurance shown in the Declarations Page and the rules below fix the most we will pay regardless of the number of:
 - a. Insureds;
 - b. Claims made or "suits" brought; or
 - c. Persons or organizations making claims or bringing "suits."
2. The General Aggregate Limit is the most we will pay for the sum of:
 - a. Medical expenses under Medical Expense Coverage for "bodily injury"; and
 - b. Damages under Bodily Injury and Property Damage Liability Coverage and Personal and Advertising Injury Liability Coverage, except:

(1) Damages because of injury and damage included in the "products-completed operations hazard"; and

(2) Damages under Sexual Misconduct or Sexual Molestation Liability Coverage.

3. The Products-Completed Operations Aggregate Limit is the most we will pay under Bodily Injury and Property Damage Liability Coverage for damages because of "bodily injury" and "property damage" included in the "products-completed operations hazard."

4. Subject to 2. above, the Personal and Advertising Injury Limit is the most we will pay under Personal and Advertising Injury Liability Coverage for the sum of all damages because of all "personal injury" and all "advertising injury" sustained by any one person or organization.

5. Subject to 2. or 3. above, whichever applies, the Each Occurrence Limit is the most we will pay for the sum of:

- a. Damages under Bodily Injury and Property Damage Liability Coverage; and
- b. Medical expenses under Medical Expense Coverage because of all "bodily injury" and "property damage" arising out of any one "occurrence."

6. Subject to 5. above, the Property Damage Legal Liability Limit is the most we will pay under Property Damage Coverage for damages because of "property damage" to premises rented to you, or temporarily occupied by you with permission of the owner, arising out of any one occurrence.

7. Subject to 5. above, the Medical Expense Limit is the most we will pay under Medical Expense Coverage for all medical expenses because of "bodily injury" sustained by any one person.

The Aggregate Limits of Insurance of this Coverage Part apply separately to each consecutive annual period and to any remaining period of less than 12 months, starting with the beginning of the policy period shown in the Declarations Page, unless the policy period is extended after issuance for an additional period of less than 12 months. In that case, the additional

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period will be deemed part of the last preceding period for purposes of determining the Limits of Insurance.

person or organization which may be liable to the insured because of injury or damage to which this insurance may also apply.

G. GENERAL LIABILITY CONDITIONS

1. Bankruptcy.

Bankruptcy or insolvency of the insured or of the insured's estate will not relieve us of our obligations under this Coverage Part.

2. Duties in the event of Occurrence, Offense, Claim, or Suit.

a. You must see to it that we are notified as soon as practicable of an "occurrence" or an offense which may result in a claim. To the extent possible, notice should include:

- (1) How, when, and where the "occurrence" or offense took place;
- (2) The names and addresses of any injured persons and witnesses; and
- (3) The nature and location of any injury or damage arising out of the "occurrence" or offense.

b. If a claim is made or "suit" is brought against any insured, you must:

- (1) Immediately record the specifics of the claim or "suit" and the date received; and
- (2) Notify us as soon as practicable.

You must see to it that we receive written notice of the claim or "suit" as soon as practicable.

c. You and any other involved insured must:

- (1) Immediately send us copies of any demands, notices, summonses, or legal papers received in connection with the claim or "suit";
- (2) Authorize us to obtain records and other information;
- (3) Cooperate with us in the investigation or settlement of the claim or defense against the "suit"; and
- (4) Assist us, upon our request, in the enforcement of any right against any

d. No insured will, except at that insured's own cost, voluntarily make a payment, assume any obligation, or incur any expense, other than for first aid, without our consent.

3. Legal Action Against Us.

No person or organization has a right under this Coverage Part:

- a. To join us as a party or otherwise bring us into a "suit" asking for damages from an insured; or
- b. To sue us on this Coverage Part unless all of its terms have been fully complied with.

A person or organization may sue us to recover on an agreed settlement or on a final judgment against an insured obtained after an actual trial, but we will not be liable for damages that are not payable under the terms of this Coverage Part or that are in excess of the applicable Limit of Insurance. An agreed settlement means a settlement and release of liability signed by us, the insured and the claimant or the claimant's legal representative.

4. Other Insurance.

If other valid and collectible insurance is available to the insured for a loss we cover under this Coverage Part, our obligations are limited as follows:

a. Primary Insurance.

This insurance is primary except when b. below applies. If this insurance is primary, our obligations are not affected unless any of the other insurance is also primary. Then, we will share with all that other insurance by the method described in c. below.

b. Excess Insurance.

(1) This insurance is excess over any of the other insurance, whether primary, excess, contingent, or on any other basis:

- (a) That is Fire, Extended Coverage, Builders' Risk, Installation Risk,

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or similar coverage for "your work";

(b) That is Fire insurance for premises rented to you or temporarily occupied by you with permission of the owner; or

(c) If loss arises out of the maintenance or use of aircraft, "autos" or watercraft to the extent not subject to Exclusion g. under Bodily Injury and Property Damage Liability Coverage.

(2) This insurance is excess over any other primary insurance available to you covering liability for damages arising out of the premises or operations for which you have been added as an additional insured by attachment of an endorsement.

(3) When this insurance is excess, we will have no duty under this Coverage Part to defend the insured against any "suit" if any other insurer has a duty to defend the insured against that "suit." If no other insurer defends, we will undertake to do so, but we will be entitled to the insured's rights against all those other insurers.

When this insurance is excess over other insurance, we will pay only our share of the amount of loss, if any, that exceeds the sum of:

(a) The total amount that all such other insurance would pay for the loss in the absence of this insurance; and

(b) The total of all deductible and self-insured amounts under all that other insurance.

We will share the remaining loss, if any, with any other insurance that is not described in this Excess Insurance provision and was not bought specifically to apply in excess of the Limits of Insurance shown in the Declarations Page of this Coverage Part.

c. Method of Sharing.

If all the other insurance permits contribution by equal shares, we will follow

this method also. Under this approach, each insurer contributes equal amounts until it has paid its applicable Limit of Insurance or none of the loss remains, whichever comes first.

If any of the other insurance does not permit contribution by equal shares, we will contribute by limits. Under this method, each insurer's share is based on the ratio of its applicable Limit of Insurance to the total applicable Limits of Insurance of all insurers.

5. Premium Audit.

a. We will compute all premiums for this Coverage Part in accordance with our rules and rates.

b. Premium for this Coverage is a deposit premium only. At the close of each audit period, we may compute the earned premium for that period. Audit premiums are due and payable on notice to the first Named Insured. If the sum of the deposit and audit premiums paid for the policy period is greater than the earned premium, we will return the excess to the first Named Insured.

c. The first Named Insured must keep records of the information we need for premium computation and send us copies at such times as we may request.

6. Representations.

By accepting the policy, you agree:

a. The statements in the Declarations Page are accurate and complete;

b. Those statements are based upon representations you made to us; and

c. We have issued this policy in reliance upon your representation.

7. Separation of Insureds.

Except with respect to the Limits of Insurance and any rights or duties specifically assigned in this Coverage Part to the first Named Insured, this insurance applies:

a. As if each Named Insured were the only Named Insured; and

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- b. Separately to each insured against whom claim is made or "suit" is brought.

8. Transfer of Rights of Recovery Against Others to Us.

If the insured has rights to recover all or part of any payment we have made under this Coverage Part, those rights are transferred to us. The insured must do nothing after loss to impair them. At our request, the insured will bring "suit" or transfer those rights to us and help us enforce them.

9. Two or More Coverages.

If two or more coverages of this policy apply to the same loss, the maximum amount we will pay as damages under all the coverages will not exceed the highest Limit of Insurance that applies to any one of the coverages.

10. Two or More Policies.

If two or more policies issued by us apply to the same insured and these policies also apply to the same loss, the maximum amount we will pay as damages under all the policies will not exceed the highest applicable Limit of Insurance that applies to any one of the policies.

This does not apply to any policy issued by us that is specifically written as excess insurance.

11. When We Do Not Renew.

If we decide not to renew this Coverage Part, we will mail or deliver to the first Named Insured shown in the Declarations Page written notice of the nonrenewal not less than 30 days before the expiration date.

If notice is mailed, proof of mailing will be sufficient proof of notice.

H. DEFINITIONS

1. "Advertising injury" means injury arising out of one or more of the following offenses:

- a. Oral or written publication of material that slanders or libels a person or organization or disparages a person's or organization's goods, products, or services;
- b. Oral or written publication of material that violates a person's right of privacy;

- c. Misappropriation of advertising ideas or style of doing business; or

- d. Infringement of copyright, title, or slogan.

2. "Auto" means a land motor vehicle, trailer, or semitrailer designed for travel on public roads, including any attached machinery or equipment. But "auto" does not include "mobile equipment."

3. "Bodily injury" means bodily injury, sickness, or disease sustained by a person, including death resulting from any of these at any time. "Bodily injury" does not include mental or emotional injury, suffering, or distress that does not result from physical injury.

4. "Counseling incident" means any act or omission in the furnishing of counseling services.

5. "Coverage territory" means:

- a. The United States of America (including its territories and possessions), Puerto Rico, and Canada;

- b. International waters or airspace, provided the injury or damage does not occur in the course of travel or transportation to or from any place not included in a. above; or

- c. All parts of the world if:

- (1) The injury or damage arises out of:

- (a) Goods or products made or sold by you in the territory described in a. above; or

- (b) The activities of a person whose home is in the territory described in a. above, but is away for a short time on your business; and

- (2) The insured's responsibility to pay damages is determined in a "suit" on the merits, in the territory described in a. above or in a settlement we agree to.

6. "Employee" includes a "leased worker." "Employee" does not include a "temporary worker."

7. "Executive officer" means a person holding any of the officer positions created by your

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charter, constitution, bylaws, or any other similar governing document.

8. "Impaired property" means tangible property, other than "your product" or "your work" that cannot be used or is less useful because:

- a. It incorporates "your product" or "your work" that is known or thought to be defective, deficient, inadequate, or dangerous; or
- b. You have failed to fulfill the terms of a contract or agreement;

if such property can be restored to use by:

- a. The repair, replacement, adjustment or removal of "your product" or "your work"; or
- b. Your fulfilling the terms of the contract or agreement.

9. "Insured contract" means:

- a. A contract for a lease of premises. However, that portion of the contract for a lease of premises that indemnifies any person or organization for damage to premises while rented to you or temporarily occupied by you with permission of the owner is not an "insured contract";
- b. A sidetrack agreement;
- c. Any easement or license agreement, except in connection with construction or demolition operations on or within 50 feet of a railroad;
- d. An obligation, as required by ordinance, to indemnify a municipality, except in connection with work for a municipality;
- e. An elevator maintenance agreement; or
- f. That part of any other contract or agreement pertaining to your business (including an indemnification of a municipality in connection with work performed for a municipality) under which you assume the tort liability of another party to pay for "bodily injury" or "property damage" to a third person or organization. Tort liability means a liability that would be imposed by law in the absence of any contract or agreement.

Paragraph f. does not include that part of any contract or agreement:

- (1) That indemnifies a railroad for "bodily injury" or "property damage" arising out of construction or demolition operations, within 50 feet of any railroad property and affecting any railroad bridge or trestle, tracks, road-beds, tunnel, underpass or crossing.
- (2) That indemnifies an architect, engineer or surveyor for injury or damage arising out of:
 - (a) Preparing, approving, or failing to prepare or approve maps, shop drawings, opinions, reports, surveys, field orders, change orders, or drawings and specifications; or
 - (b) Giving directions or instructions, or failing to give them, if that is the primary cause of the injury or damage.
- (3) Under which the insured, if an architect, engineer, or surveyor, assumes liability for any injury or damage arising out of the insured's rendering or failure to render professional services, including those listed in (2) above and supervisory, inspection, architectural, or engineering activities.

An "insured contract" does not include that part of any contract or agreement that indemnifies any person or organization for; or under which an insured assumes the liability of any person or organization for "bodily injury," "property damage," "personal injury," "advertising injury" or injury for "sexual misconduct or sexual molestation"; arising out of a "Professional Health Care Incident."

- a. "Professional Health Care Incident" means:

- (1) Any act or omission:
 - (a) In the furnishing of "Professional Health Care Services." This includes furnishing of food, beverages, medications, or appliances in connection with such services;

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- (b) In the handling of deceased human bodies;
 - (c) Arising out of service by any persons as members of a formal accreditation, standards review or similar board of the Named Insured or as a person who executes the duties of such board.
- (2) Failure to comply with any right of a health care facility resident under any state law regulating you as a resident health care facility;
- (3) Failure to comply with any right of a resident as included in the United States Department of Health, Education, and Welfare regulation governing intermediate care facilities and skilled nursing facilities regardless of whether you are subject to such regulations; and
- (4) Failure to protect any resident from undue influence by an insured when such undue influence is to the personal or financial detriment of the resident.
- b. "Professional Health Care Services" as used in this exclusion endorsement means your professional medical, nursing, cosmetic, social, and similar professional services that relate to the care of any resident.
10. "Leased worker" means a person leased to you by a labor leasing firm under an agreement between you and the labor leasing firm, to perform duties related to the conduct of your business. "Leased worker" does not include a "temporary worker."
11. "Loading or unloading" means the handling of property:
- a. After it is moved from the place where it is accepted for movement into or onto an aircraft, watercraft, or "auto";
 - b. While it is in or on an aircraft, watercraft, or "auto"; or
 - c. While it is being moved from an aircraft, watercraft, or "auto" to the place where it is finally delivered;
- but "loading or unloading" does not include the
- movement of property by means of a mechanical device, other than a hand truck, that is not attached to the aircraft, watercraft, or "auto."
12. "Mobile equipment" means any of the following types of land vehicles, including any attached machinery or equipment.
- a. Bulldozers, farm machinery, forklifts, and other vehicles designed for use principally off public roads;
 - b. Vehicles maintained for use solely on or next to premises you own or rent;
 - c. Vehicles that travel on crawler treads;
 - d. Vehicles, whether self-propelled or not, maintained primarily to provide mobility to permanently mounted:
 - (1) Power cranes, shovels, loaders, diggers, or drills; or
 - (2) Road construction or resurfacing equipment such as graders, scrapers, or rollers.
 - e. Vehicles not described in a., b., c. or d. above that are not self-propelled and are maintained primarily to provide mobility to permanently attached equipment of the following types:
 - (1) Air compressors, pumps, and generators, including spraying, welding, building cleaning, geophysical exploration, lighting, and well servicing equipment; or
 - (2) Cherry pickers and similar devices used to raise or lower workers.
 - f. Vehicles not described in a., b., c., or d. above maintained primarily for purposes other than the transportation of persons or cargo.
- However, self-propelled vehicles with the following types of permanently attached equipment are not "mobile equipment" but will be considered "autos."
- (1) Equipment designed primarily for:
 - (a) Snow removal;
 - (b) Road maintenance, but not construction or resurfacing; or

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- (c) Street cleaning.
 - (2) Cherry pickers and similar devices mounted on automobile or truck chassis and used to raise or lower workers; and
 - (3) Air compressors, pumps, and generators, including spraying, welding, building cleaning, geophysical exploration, lighting, and well servicing equipment.
13. "Occurrence" means an accident, including continuous or repeated exposure to substantially the same general harmful conditions.
14. "Personal injury" means injury, other than "bodily injury" arising out of one or more of the following offenses:
- a. False arrest, detention, or imprisonment;
 - b. Malicious prosecution;
 - c. The wrongful eviction from, wrongful entry into, or invasion of the right of private occupancy of a room, dwelling, or premises that a person occupies.
 - d. Oral or written publication of material that slanders or libels a person or organization or disparages a person's or organization's goods, products, or services; or
 - e. Oral or written publication of material that violates a person's right of privacy.
15. "Products-completed operations hazard":
- a. Includes all "bodily injury" and "property damage" occurring away from premises you own or rent and arising out of "your product" or "your work" except:
 - (1) Products that are still in your physical possession; or
 - (2) Work that has not yet been completed or abandoned. However, "your work" will be deemed completed at the earliest of the following times:
 - (a) When all of the work called for in your contract has been completed.
 - (b) When all of the work to be done at the job site has been completed if your contract calls for work at more than one job site.
 - (c) When that part of the work done at a job site has been put to its intended use by any person or organization other than another contractor or subcontractor working on the same project.
- Work that may need service, maintenance, correction, repair or replacement, but which is otherwise complete, will be treated as completed.
- b. Does not include "bodily injury" or "property damage" arising out of:
- (1) The transportation of property, unless the injury or damage arises out of a condition in or on a vehicle not owned or operated by you, and that condition was created by the "loading or unloading" of that vehicle by any insured;
 - (2) The existence of tools, uninstalled equipment or abandoned or unused materials; or
 - (3) Products or operations for which the classification, listed in the Declarations states that products completed operations are subject to the General Aggregate Limit.
16. "Property damage" means:
- a. Physical injury to tangible property, including all resulting loss of use of that property. All such loss of use shall be deemed to occur at the time of the physical injury that caused it; or
 - b. Loss of use of tangible property that is not physically injured. All such loss of use shall be deemed to occur at the time of the "occurrence" that caused it.
17. "Sexual misconduct or sexual molestation" is any activity by anyone (whether an adult or child) which is sexual in nature whether permitted or unpermitted, including but not limited to, sexual assault, sexual battery, sexual relations, sexual acts, sexual activity, sexual handling, sexual massage, sexual exploitation, sexual exhibition, photographic,

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video or other reproduction of sexual activity, sexual stimulation, fondling, intimacy, exposure of sexual organs, lewd, or lascivious behavior or indecent exposure, fornication, undue familiarity, or unauthorized touching.

18. "Suit" means a civil proceeding in which damages because of "bodily injury," "property damage," "personal injury," "advertising injury," and injury for sexual misconduct or sexual molestation to which this insurance applies are alleged. "Suit" includes:

- a. An arbitration proceeding in which such damages are claimed and to which the insured must submit or does submit with our consent; or
- b. Any other alternative dispute resolution proceeding in which such damages are claimed and to which the insured submits with our consent.

19. "Temporary worker" means a person who is furnished to you to substitute for a permanent "employee" on leave or to meet seasonal or short-term workload conditions.

20. "Your product" means:

- a. Any goods or products, other than real property, manufactured, sold, handled, distributed, or disposed of by:

(1) You;

(2) Others trading under your name; or

- (3) A person or organization whose business or assets you have acquired; and

- b. Containers (other than vehicles), materials, parts or equipment furnished in connection with such goods or products.

"Your product" includes:

- a. Warranties or representations made at any time with respect to the fitness, quality, durability, performance, or use of "your product"; and
- b. The providing of or failure to provide warnings or instructions.

"Your product" does not include vending machines or other property rented to or located for the use of others but not sold.

21. "Your work" means:

- a. Work or operations performed by you or on your behalf; and
- b. Materials, parts, or equipment furnished in connection with such work or operations.

"Your work" includes warranties or representations made at any time with respect to the fitness, quality, durability, or performance of any of the items included in a. or b. above.

THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

AMENDATORY ENDORSEMENT - PERSONAL INJURY

This endorsement modifies the insurance provided by the General Liability Coverage Form.

The following is added to the General Liability Coverage Form.

Paragraph H.14., DEFINITIONS, is deleted and replaced with the following:

14. "Personal injury" means injury, other than "bodily injury" arising out of one or more of the following offenses:

- a. False arrest, detention, or imprisonment;
- b. Malicious prosecution;
- c. The wrongful eviction from, wrongful entry into, or invasion of the right of private occupancy of a room, dwelling, or premises that a person occupies, unless such offense is alleged against an insured by an "Affiliated Entity."
- d. Oral or written publication of material that slanders or libels a person or organization or disparages a person's or organization's goods, products, or services, unless such offense is alleged against an insured by an "Affiliated Entity"; or
- e. Oral or written publication of material that violates a person's right of privacy.

The following is added to Paragraph H., DEFINITIONS:

"Affiliated Entity" means any entity or organization with which the Named Insured is affiliated or associated, or which the Named Insured governs or is governed by, owns or is owned by, or controls or is controlled by, including, but not limited to, any and all corporations, associations, partnerships, joint ventures, foundations, churches, congregations, trusts, educational institutions, day care facilities, group home facilities, denominations, dioceses, conventions, districts, synods, councils, and any other similar entity or organization. "Affiliated Entity" includes all "Directors, Officers and Trustees," employees, members, or volunteers of such entity or organization, or of the Named Insured.

"Directors, Officers and Trustees" means any of your past, present, or future directors, officers, trustees, clergy, wardens, deacons, elders, or members of duly elected, appointed, or constituted governing bodies while acting within the scope of their duties as such; and, in the event of death, incapacity, or bankruptcy, the estate, heirs, legal representatives, or assigns of the individual, but only with respect to their duties as such.

POLICY NO.: 0251871-02-174757

01/21/10

THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

BODILY INJURY DEFINITION

This endorsement modifies insurance provided under the General Liability Coverage Form, Legal Defense Coverage Form, and the Sexual Misconduct or Sexual Molestation Liability and Medical Expense Coverage Form.

A. The definition of "Bodily injury" is replaced by the following:

"Bodily injury" means bodily injury, sickness, or disease sustained by a person, including death resulting from any of these at any time.

POLICY NO.: 0251871-02-174757

01/21/10

THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

CORPORATE ENTITY ENDORSEMENT

This endorsement modifies insurance provided under the General Liability Coverage Part.

If the first Named Insured under this policy operates as a specific unit that is part of a corporate entity, then the insurance provided by this policy applies only to the premises and operations of the first Named Insured.

This insurance does not apply to the corporate entity or to any other premises or operations of any other unit of the corporate entity unless such unit or entity is specifically named as an additional insured under this policy.

POLICY NO.: 0251871-02-174757

01/21/10

THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

MEDICAL EXPENSE AMENDMENT

This endorsement modifies insurance provided under the General Liability Coverage Part.

The following change is made to the General Liability Additional Provisions Form.

A. MEDICAL EXPENSE COVERAGE

1. Paragraph A.1.a.(3)(b) of the Medical Expense Coverage Insuring Agreement is deleted and replaced by the following:
 - a. The expenses are incurred and reported to us within three years of the date of the accident; and